

# Senate File 2373 - Introduced

SENATE FILE \_\_\_\_\_  
BY COMMITTEE ON STATE  
GOVERNMENT

(SUCCESSOR TO SSB 3244)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to public retirement systems and other employee  
2 benefit-related matters, including the public safety peace  
3 officers' retirement, accident, and disability system, the  
4 Iowa public employees' retirement system, the statewide fire  
5 and police retirement system, and the judicial retirement  
6 system, including an implementation provision, and providing  
7 effective and retroactive applicability dates.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
9 TLSB 5594SV 82  
10 ec/sc/5

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1 1 DIVISION I  
1 2 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,  
1 3 ACCIDENT, AND DISABILITY SYSTEM  
1 4 Section 1. Section 97A.1, subsection 14, Code 2007, is  
1 5 amended by striking the subsection.  
1 6 Sec. 2. Section 97A.1, subsection 15, Code 2007, is  
1 7 amended to read as follows:  
1 8 15. "Pensions" shall mean annual payments for life derived  
1 9 from the appropriations provided by the state of Iowa and from  
1 10 contributions of the members which are deposited in the  
1 11 ~~pension accumulation retirement~~ fund. All pensions shall be  
1 12 paid in equal monthly installments.  
1 13 Sec. 3. Section 97A.5, subsections 3 and 4, Code 2007, are  
1 14 amended to read as follows:  
1 15 3. COMPENSATION. The trustees shall serve as such without  
1 16 compensation, but they shall be reimbursed from the ~~expense~~  
1 17 ~~retirement~~ fund for all necessary expenses which they may  
1 18 incur through service on the board.  
1 19 4. RULES. The board of trustees shall, from time to time,  
1 20 establish such rules not inconsistent with this chapter, for  
1 21 the administration of ~~funds the system and the retirement fund~~  
1 22 created by this chapter and as may be necessary or appropriate  
1 23 for the transaction of its business.  
1 24 Sec. 4. Section 97A.5, subsection 6, paragraph a, Code  
1 25 2007, is amended to read as follows:  
1 26 a. The department of public safety shall keep in  
1 27 convenient form the data necessary for ~~the~~ actuarial valuation  
1 28 of the ~~various funds of the~~ system and for checking the  
1 29 expense of the system. The commissioner of public safety  
1 30 shall keep a record of all the acts and proceedings of the  
1 31 board, which records shall be open to public inspection. The  
1 32 board of trustees shall biennially make a report to the  
1 33 general assembly showing the fiscal transactions of the system  
1 34 for the preceding biennium, the amount of the accumulated cash  
1 35 and securities of the system, and the last balance sheet  
2 1 showing the financial condition of the system by means of an  
2 2 actuarial valuation of the assets and liabilities of the  
2 3 system.  
2 4 Sec. 5. Section 97A.5, subsections 8, 9, 11, and 12, Code  
2 5 2007, are amended to read as follows:  
2 6 8. MEDICAL BOARD. The board of trustees shall designate a  
2 7 ~~single medical provider network as the~~ medical board ~~to be~~  
2 8 ~~composed of three physicians who for the system. The medical~~  
2 9 ~~board shall arrange for and pass upon the~~ all medical  
2 10 examinations required under the provisions of this chapter and  
2 11 shall report in writing to the board of trustees, its  
2 12 conclusions and recommendations upon all matters duly referred

2 13 to it. For examinations required because of disability, a  
2 14 physician from the medical board specializing in occupational  
2 15 medicine, and a second physician specializing in an  
2 16 appropriate field of medicine as determined by the  
2 17 occupational medicine physician, shall pass upon the medical  
2 18 examinations required for disability retirements and shall  
2 19 report to the system in writing their conclusions and  
2 20 recommendations upon all matters referred to the medical  
2 21 board. Each report of a medical examination under section  
2 22 97A.6, subsections 3 and 5, shall include the medical board's  
2 23 findings in accordance with section 97A.6 as to the extent of  
2 24 the member's physical impairment.

2 25 9. DUTIES OF ACTUARY. The actuary hired by the board of  
2 26 trustees shall be the technical advisor of the board of  
2 27 trustees on matters regarding the operation of the ~~funds~~  
2 28 ~~retirement fund~~ created by ~~the provisions of~~ this chapter and  
2 29 shall perform such other duties as are required in connection  
2 30 therewith.

2 31 11. ACTUARIAL INVESTIGATION. At least once in each  
2 32 two-year period, the actuary hired by the board of trustees  
2 33 shall make an actuarial investigation in the mortality,  
2 34 service, and compensation experience of the members and  
2 35 beneficiaries of the system, and the interest and other  
3 1 earnings on the moneys and other assets of the system, and  
3 2 shall make a valuation of the assets and liabilities of the  
3 3 ~~funds~~ ~~retirement fund~~ of the system, and taking into account  
3 4 the results of the investigation and valuation, the board of  
3 5 trustees shall+  
3 6 a. ~~Adopt~~ ~~adopt~~ for the system, upon recommendation of the  
3 7 ~~system's actuary,~~ such actuarial methods and assumptions,  
3 8 interest rate, and mortality and other tables as shall be  
3 9 deemed necessary+  
3 10 b. ~~Certify the rates of contribution payable by the state~~  
3 11 ~~of Iowa in accordance with section 97A.8 to conduct the~~  
3 12 ~~actuarial valuation of the system.~~

3 13 12. ANNUAL ACTUARIAL VALUATION.  
3 14 a. On the basis of the actuarial methods and assumptions,  
3 15 rate of interest, and tables adopted by the board of trustees,  
3 16 the actuary hired by the board of trustees shall make an  
3 17 annual actuarial valuation of the assets and liabilities of  
3 18 the funds of the system retirement fund created by this  
3 19 chapter. As a result of the annual actuarial valuation, the  
3 20 board of trustees shall certify the rates of contribution  
3 21 payable by the state of Iowa in accordance with section 97A.8.  
3 22 b. Effective with the fiscal year beginning July 1, 2008,  
3 23 the annual actuarial valuation required to be conducted shall  
3 24 include information as required by section 97D.5.

3 25 Sec. 6. Section 97A.5, subsection 13, paragraphs b, c, and  
3 26 d, Code 2007, are amended to read as follows:  
3 27 b. The ~~funds~~ ~~retirement fund~~ established in section 97A.8  
3 28 shall be held in trust for the benefit of the members of the  
3 29 system and the members' beneficiaries. No part of the corpus  
3 30 or income of the ~~funds~~ ~~retirement fund~~ shall be used for, or  
3 31 diverted to, purposes other than for the exclusive benefit of  
3 32 the members or the members' beneficiaries or for expenses  
3 33 incurred in the operation of the ~~funds~~ ~~retirement fund~~. A  
3 34 person shall not have any interest in, or right to, any part  
3 35 of the corpus or income of the ~~funds~~ ~~retirement fund~~ except as  
4 1 otherwise expressly provided.

4 2 c. Notwithstanding any provision of this chapter to the  
4 3 contrary, in the event of a complete discontinuance of  
4 4 contributions, for reasons other than achieving fully funded  
4 5 status upon an actuarially determined basis, or upon  
4 6 termination of the ~~funds~~ ~~retirement fund~~ established in  
4 7 section 97A.8, a member shall be vested, to the extent then  
4 8 funded, in the benefits which the member has accrued at the  
4 9 date of the discontinuance or termination.

4 10 d. Benefits payable from the ~~funds~~ ~~retirement fund~~  
4 11 established in section 97A.8 to members and members'  
4 12 beneficiaries shall not be increased due to forfeitures from  
4 13 other members. Forfeitures shall be used as soon as possible  
4 14 to reduce future contributions by the state to the ~~pension~~  
4 15 ~~accumulation retirement~~ fund, except that the rate shall not  
4 16 be less than the minimum rate established in section 97A.8.

4 17 Sec. 7. Section 97A.5, subsection 14, Code 2007, is  
4 18 amended to read as follows:  
4 19 14. INVESTMENT CONTRACTS. The board of trustees may  
4 20 execute contracts and agreements with investment advisors,  
4 21 consultants, and investment management and benefit consultant  
4 22 firms in the administration of the ~~funds~~ ~~retirement fund~~  
4 23 established in section 97A.8.

4 24 Sec. 8. Section 97A.6, subsection 7, Code 2007, is amended  
4 25 by adding the following new paragraph:  
4 26 NEW PARAGRAPH. d. Should a disability beneficiary under  
4 27 age fifty-five be employed in a public safety occupation, the  
4 28 disability beneficiary's retirement allowance shall cease.  
4 29 Notwithstanding any provision of this chapter to the contrary,  
4 30 if a disability beneficiary is employed in a public safety  
4 31 occupation that would otherwise constitute membership service,  
4 32 the disability beneficiary shall not become a member of the  
4 33 system. For purposes of this paragraph, "public safety  
4 34 occupation" means a peace officer, as defined in section  
4 35 97A.1; a protection occupation, as defined in section 97B.49B;  
5 1 a sheriff or deputy sheriff as defined in section 97B.49C; and  
5 2 a police officer or fire fighter as defined in section 411.1,  
5 3 who was not restored to active service as provided by this  
5 4 subsection.

5 5 Sec. 9. Section 97A.6, subsection 11, Code 2007, is  
5 6 amended to read as follows:  
5 7 11. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts  
5 8 which may be paid or payable by the state under the provisions  
5 9 of any workers' compensation or similar law to a member or to  
5 10 the dependents of a member on account of any disability or  
5 11 death, shall be offset against and payable in lieu of any  
5 12 benefits payable out of ~~funds~~ the retirement fund provided by  
5 13 the state under the provisions of this chapter on account of  
5 14 the same disability or death. In case the present value of  
5 15 the total commuted benefits under said workers' compensation  
5 16 or similar law is less than the ~~pension reserve on present~~  
5 17 value of the benefits otherwise payable from funds the  
5 18 retirement fund provided by the state under this chapter, then  
5 19 the present value of the commuted payments shall be deducted  
5 20 from the pension ~~reserve payable~~ and such benefits as may be  
5 21 provided by the ~~pension reserve system~~ so reduced shall be  
5 22 payable under the provisions of this chapter.

5 23 Sec. 10. Section 97A.7, subsections 1, 2, and 3, Code  
5 24 Supplement 2007, are amended to read as follows:  
5 25 1. The board of trustees shall be the trustees of the  
5 26 ~~several funds retirement fund~~ retirement fund created by this chapter as  
5 27 provided in section 97A.8 and shall have full power to invest  
5 28 and reinvest ~~such~~ funds subject to the terms, conditions,  
5 29 limitations, and restrictions imposed by subsection 2 of this  
5 30 section and chapter 12F, and subject to like terms,  
5 31 conditions, limitations, and restrictions said trustees shall  
5 32 have full power to hold, purchase, sell, assign, transfer, or  
5 33 dispose of any of the securities and investments ~~in which any~~  
5 34 ~~of the funds created herein shall~~ retirement fund which have  
5 35 been invested, as well as of the proceeds of said investments  
6 1 and any moneys belonging to ~~said funds~~ the retirement fund.  
6 2 The board of trustees may authorize the treasurer of state to  
6 3 exercise any of the duties of this section. When so  
6 4 authorized the treasurer of state shall report any  
6 5 transactions to the board of trustees at its next monthly  
6 6 meeting.

6 7 2. The ~~several funds retirement fund~~ retirement fund created by this  
6 8 chapter may be invested in any investments authorized for the  
6 9 Iowa public employees' retirement system in section 97B.7A.

6 10 3. The treasurer of the state shall be the custodian of  
6 11 the ~~several funds retirement fund~~. All payments from ~~said~~  
6 12 ~~funds the retirement fund~~ shall be made by the treasurer only  
6 13 upon vouchers signed by two persons designated by the board of  
6 14 trustees. A duly attested copy of the resolution of the board  
6 15 of trustees designating such persons and bearing on its face  
6 16 specimen signatures of such persons shall be filed with the  
6 17 treasurer of state as the treasurer's authority for making  
6 18 payments on such vouchers. No voucher shall be drawn unless  
6 19 it shall previously have been allowed by resolution of the  
6 20 board of trustees.

6 21 Sec. 11. Section 97A.8, Code 2007, is amended to read as  
6 22 follows:  
6 23 97A.8 METHOD OF FINANCING.  
6 24 There is hereby created as a special fund, separate and  
6 25 apart from all other public moneys or funds of this state, the  
6 26 peace officers' retirement, accident, and disability system  
6 27 retirement fund, hereafter called the "retirement fund". All  
6 28 the assets of the system created and established by this  
6 29 chapter shall be credited ~~according to the purpose for which~~  
6 30 ~~they are held to one of three funds, namely, the pension~~  
6 31 ~~accumulation fund, the pension reserve fund, and the expense~~  
6 32 ~~to the retirement fund.~~  
6 33 1. ~~PENSION ACCUMULATION FUND.~~ ~~The pension accumulation~~  
6 34 ~~fund shall be the fund in which shall be accumulated all All~~

6 35 moneys for the payment of all pensions and other benefits  
7 1 payable from contributions made by the state and from which  
7 2 shall be paid the lump-sum death benefits for all members  
7 3 payable from the said contributions shall be accumulated in  
7 4 the retirement fund. The refunds and benefits for all members  
7 5 and beneficiaries shall be payable from the retirement fund.  
7 6 Contributions to and payments from the ~~pension accumulation~~  
7 7 ~~retirement~~ fund shall be as follows:  
7 8 a. On account of each member there shall be paid annually  
7 9 into the ~~pension accumulation~~ retirement fund by the state of  
7 10 Iowa an amount equal to a certain percentage of the earnable  
7 11 compensation of the member to be known as the "normal  
7 12 contribution". The rate percent of such contribution shall be  
7 13 fixed on the basis of the liabilities of the retirement system  
7 14 as shown by annual actuarial valuations.  
7 15 b. (1) On the basis of the actuarial methods and  
7 16 assumptions, rate of interest, and of the mortality, interest,  
7 17 and other tables adopted by the board of trustees, the board  
7 18 of trustees, upon the advice of the actuary hired by the board  
7 19 for that purpose, shall make each valuation required by this  
7 20 chapter pursuant to the requirements of section 97A.5 and  
7 21 shall immediately after making such valuation, determine the  
7 22 "normal contribution rate". The normal contribution rate  
7 23 shall be the rate percent of the earnable compensation of all  
7 24 members obtained by deducting from the total liabilities of  
7 25 the fund the sum of the amount of the funds in hand to the  
7 26 credit of the fund and dividing the remainder by one percent  
7 27 of the present value of the prospective future compensation of  
7 28 all members as computed on the basis of the rate of interest  
7 29 and of mortality and service tables adopted by the board of  
7 30 trustees, all equal to the rate required by the system to  
7 31 discharge its liabilities, stated as a percentage of the  
7 32 earnable compensation of all members, and reduced by the  
7 33 employee contribution made pursuant to rate provided in this  
7 34 subsection. However, the normal rate of contribution shall  
7 35 not be less than seventeen percent. The normal rate of  
8 1 contribution shall be determined by the board of trustees  
8 2 after each valuation. To assist in determining the normal  
8 3 rate of contribution, the board of trustees may adopt a  
8 4 smoothing method for valuing the assets of the system. The  
8 5 smoothing method is designed to reduce changes in the normal  
8 6 contribution rate which could result from fluctuations in the  
8 7 market value of the assets of the system.  
8 8 (2) Notwithstanding the provisions of subparagraph (1) to  
8 9 the contrary, the normal contribution rate shall be as  
8 10 follows:  
8 11 (a) For the fiscal year beginning July 1, 2008, nineteen  
8 12 percent.  
8 13 (b) For the fiscal year beginning July 1, 2009, twenty-one  
8 14 percent.  
8 15 (c) For the fiscal year beginning July 1, 2010,  
8 16 twenty-three percent.  
8 17 (d) For the fiscal year beginning July 1, 2011,  
8 18 twenty-five percent.  
8 19 (e) For each fiscal year beginning on or after July 1,  
8 20 2012, the lesser of twenty-seven percent or the normal  
8 21 contribution rate as calculated pursuant to subparagraph (1).  
8 22 c. The total amount payable in each year to the ~~pension~~  
8 23 ~~accumulation retirement~~ fund shall not be less than the rate  
8 24 percent known as the normal contribution rate of the total  
8 25 compensation earnable by all members during the year.  
8 26 However, the aggregate payment by the state shall be  
8 27 sufficient when combined with the amount in the retirement  
8 28 fund to provide the pensions and other benefits payable out of  
8 29 the retirement fund during the then current year.  
8 30 d. All lump-sum death benefits on account of death in  
8 31 active service payable from contributions of the state shall  
8 32 be paid from the ~~pension accumulation retirement~~ fund.  
8 33 e. ~~Upon the retirement or death of a member an amount~~  
8 34 ~~equal to the pension reserve on any pension payable to the~~  
8 35 ~~member or on account of the member's death shall be~~  
9 1 ~~transferred from the pension accumulation fund to the pension~~  
9 2 ~~reserve fund.~~  
9 3 f. ~~e.~~ Except as otherwise provided in paragraph "h" "g":  
9 4 (1) An amount equal to three and one-tenth percent of each  
9 5 member's compensation from the earnable compensation of the  
9 6 member shall be paid to the ~~pension accumulation retirement~~  
9 7 fund for the fiscal year beginning July 1, 1989.  
9 8 (2) An amount equal to four and one-tenth percent of each  
9 9 member's compensation from the earnable compensation of the  
9 10 member shall be paid to the ~~pension accumulation retirement~~

9 11 fund for the fiscal year beginning July 1, 1990.

9 12 (3) An amount equal to five and one-tenth percent of each

9 13 member's compensation from the earnable compensation of the

9 14 member shall be paid to the ~~pension accumulation retirement~~

9 15 fund for the fiscal year beginning July 1, 1991.

9 16 (4) An amount equal to six and one-tenth percent of each

9 17 member's compensation from the earnable compensation of the

9 18 member shall be paid to the ~~pension accumulation retirement~~

9 19 fund for the fiscal year beginning July 1, 1992.

9 20 (5) An amount equal to seven and one-tenth percent of each

9 21 member's compensation from the earnable compensation of the

9 22 member shall be paid to the ~~pension accumulation retirement~~

9 23 fund for the fiscal year beginning July 1, 1993.

9 24 (6) An amount equal to eight and one-tenth percent of each

9 25 member's compensation from the earnable compensation of the

9 26 member shall be paid to the ~~pension accumulation retirement~~

9 27 fund for the fiscal period beginning July 1, 1994, through

9 28 December 31, 1994, and an amount equal to eight and

9 29 thirty-five hundredths percent of each member's compensation

9 30 from the earnable compensation of the member shall be paid to

9 31 the ~~pension accumulation retirement~~ fund for the fiscal period

9 32 beginning January 1, 1995, through June 30, 1995.

9 33 (7) An amount equal to nine and thirty-five hundredths

9 34 percent of each member's compensation from the earnable

9 35 compensation of the member shall be paid to the ~~pension~~

10 1 ~~accumulation retirement~~ fund for the fiscal year beginning

10 2 July 1, 1995.

10 3 (8) Notwithstanding any other provision of this chapter,

10 4 beginning July 1, 1996, and each fiscal year thereafter, an

10 5 amount equal to the member's contribution rate times each

10 6 member's compensation shall be paid to the ~~pension~~

10 7 ~~accumulation retirement~~ fund from the earnable compensation of

10 8 the member. For the purposes of this subparagraph, the

10 9 member's contribution rate shall be nine and thirty-five

10 10 hundredths percent. However, the system shall increase the

10 11 member's contribution rate as necessary to cover any increase

10 12 in cost to the system resulting from statutory changes which

10 13 are enacted by any session of the general assembly meeting

10 14 after January 1, 1995, if the increase cannot be absorbed

10 15 within the contribution rates otherwise established pursuant

10 16 to this paragraph, but subject to a maximum employee

10 17 contribution rate of eleven and three-tenths percent. After

10 18 the employee contribution reaches eleven and three-tenths

10 19 percent, sixty percent of the additional cost of such

10 20 statutory changes shall be paid by the employer under

10 21 paragraph "c" and forty percent of the additional cost shall

10 22 be paid by employees under this ~~paragraph subparagraph~~ (8).

10 23 ~~g. f.~~ The board of trustees shall certify to the director

10 24 of the department of administrative services and the director

10 25 of the department of administrative services shall cause to be

10 26 deducted from the earnable compensation of each member the

10 27 contribution required under this subsection and shall forward

10 28 the contributions to the board of trustees for recording and

10 29 for deposit in the ~~pension accumulation retirement~~ fund.

10 30 The deductions provided for under this subsection shall be

10 31 made notwithstanding that the minimum compensation provided by

10 32 law for any member is reduced. Every member is deemed to

10 33 consent to the deductions made under this section.

10 34 ~~h. g.~~ Notwithstanding the provisions of paragraph ~~"f"~~

10 35 ~~"e"~~, the following transition percentages apply to members'

11 1 contributions as specified:

11 2 (1) For members who on July 1, 1990, have attained the age

11 3 of forty-nine years or more, an amount equal to nine and

11 4 one-tenth percent of each member's compensation from the

11 5 earnable compensation of the member shall be paid to the

11 6 ~~pension accumulation retirement~~ fund for the fiscal period

11 7 beginning July 1, 1990, through October 15, 1992, and

11 8 commencing October 16, 1992, and for each subsequent fiscal

11 9 period, the rates specified in paragraph ~~"f"~~ ~~"e"~~,

11 10 subparagraphs (4) through (8), shall apply.

11 11 (2) For members who on July 1, 1990, have attained the age

11 12 of forty-eight years but have not attained the age of

11 13 forty-nine years, an amount equal to eight and one-tenth

11 14 percent shall be paid for the fiscal year beginning July 1,

11 15 1990, and an amount equal to nine and one-tenth percent shall

11 16 be paid for the fiscal period beginning July 1, 1991, through

11 17 October 15, 1992, and commencing October 16, 1992, and for

11 18 each subsequent fiscal period, the rates specified in

11 19 paragraph ~~"f"~~ ~~"e"~~, subparagraphs (4) through (8), shall apply.

11 20 (3) For members who on July 1, 1990, have attained the age

11 21 of forty-seven years but have not attained the age of

11 22 forty=eight years, an amount equal to seven and one=tenth  
11 23 percent shall be paid for the fiscal year beginning July 1,  
11 24 1990, an amount equal to eight and one=tenth percent shall be  
11 25 paid for the fiscal year beginning July 1, 1991, and an amount  
11 26 equal to nine and one=tenth percent shall be paid for the  
11 27 fiscal period beginning July 1, 1992, through October 15,  
11 28 1992, and commencing October 16, 1992, and for each subsequent  
11 29 fiscal period, the rates specified in paragraph "f" "e",  
11 30 subparagraphs (4) through (8), shall apply.

11 31 (4) For members who on July 1, 1990, have attained the age  
11 32 of forty=six years but have not attained the age of  
11 33 forty=seven years, an amount equal to six and one=tenth  
11 34 percent shall be paid for the fiscal year beginning July 1,  
11 35 1990, an amount equal to seven and one=tenth percent shall be  
12 1 paid for the fiscal year beginning July 1, 1991, an amount  
12 2 equal to eight and one=tenth percent shall be paid for the  
12 3 fiscal period beginning July 1, 1992, through October 15,  
12 4 1992, and commencing October 16, 1992, and for each subsequent  
12 5 fiscal period, the rates specified in paragraph "f" "e",  
12 6 subparagraphs (4) through (8), shall apply.

12 7 (5) For members who on July 1, 1990, have attained the age  
12 8 of forty=five years but have not attained the age of forty=six  
12 9 years, an amount equal to five and one=tenth percent shall be  
12 10 paid for the fiscal year beginning July 1, 1990, an amount  
12 11 equal to six and one=tenth percent shall be paid for the  
12 12 fiscal year beginning July 1, 1991, and an amount equal to  
12 13 seven and one=tenth percent shall be paid for the fiscal  
12 14 period beginning July 1, 1992, through October 15, 1992.  
12 15 Commencing October 16, 1992, and for each subsequent fiscal  
12 16 period, the rates specified in paragraph "f" "e",  
12 17 subparagraphs (4) through (8), shall apply.

12 18 ~~i-~~ h. (1) Notwithstanding paragraph "g" "f" or other  
12 19 provisions of this chapter, beginning January 1, 1995, for  
12 20 federal income tax purposes, and beginning January 1, 1999,  
12 21 for state income tax purposes, member contributions required  
12 22 under paragraph "f" "e" or "h" "g" which are picked up by the  
12 23 department shall be considered employer contributions for  
12 24 federal and state income tax purposes, and the department  
12 25 shall pick up the member contributions to be made under  
12 26 paragraph "f" "e" or "h" "g" by its employees. The department  
12 27 shall pick up these contributions by reducing the salary of  
12 28 each of its employees covered by this chapter by the amount  
12 29 which each employee is required to contribute under paragraph  
12 30 "f" "e" or "h" "g" and shall certify the amount picked up in  
12 31 lieu of the member contributions to the department of  
12 32 administrative services. The department of administrative  
12 33 services shall forward the amount of the contributions picked  
12 34 up to the board of trustees for recording and deposit in the  
12 35 ~~pension accumulation retirement~~ fund.

13 1 (2) Member contributions picked up by the department under  
13 2 subparagraph (1) shall be treated as employer contributions  
13 3 for federal and state income tax purposes only and for all  
13 4 other purposes of this chapter shall be treated as employee  
13 5 contributions and deemed part of the employee's earnable  
13 6 compensation or salary.

13 7 ~~2. PENSION RESERVE FUND. The pension reserve fund shall~~  
~~13 8 be the fund in which shall be held the reserves on all~~  
~~13 9 pensions granted to members or to their beneficiaries and from~~  
~~13 10 which such pensions and benefits in lieu thereof shall be~~  
~~13 11 paid. Should a beneficiary retired on account of disability~~  
~~13 12 be restored to active service and again become a member of the~~  
~~13 13 system, the member's pension reserve shall be transferred from~~  
~~13 14 the pension reserve fund to the pension accumulation fund.~~  
~~13 15 Should the pension of a disability beneficiary be reduced as a~~  
~~13 16 result of an increase in the beneficiary's amount earned, the~~  
~~13 17 amount of the annual reduction in the beneficiary's pension~~  
~~13 18 shall be paid annually into the pension accumulation fund~~  
~~13 19 during the period of such reduction.~~

13 20 ~~3. 2. a. EXPENSE FUND. The expense fund shall be the~~  
~~13 21 fund to which shall be credited all money provided by the~~  
~~13 22 state of Iowa to pay the administration expenses of the system~~  
~~13 23 and from which shall be paid all All the expenses necessary in~~  
13 24 connection with the administration and operation of the system  
13 25 ~~shall be paid from the retirement fund. Biennially the board~~  
~~13 26 of trustees shall estimate the amount of money necessary to be~~  
~~13 27 paid into the expense fund during the ensuing biennium to~~  
~~13 28 provide for the expense of operation of the system.~~  
13 29 Investment management expenses shall be charged to the  
13 30 investment income of the system and there is appropriated from  
13 31 the system an amount required for the investment management  
13 32 expenses. The board of trustees shall report the investment

13 33 management expenses for the fiscal year as a percent of the  
13 34 market value of the system.  
13 35 b. For purposes of this subsection, investment management  
14 1 expenses are limited to the following:  
14 2 a. (1) Fees for investment advisors, consultants, and  
14 3 investment management and benefit consultant firms hired by  
14 4 the board of trustees in administering this chapter.  
14 5 b. (2) Fees and costs for safekeeping fund assets.  
14 6 c. (3) Costs for performance and compliance monitoring,  
14 7 and accounting for fund investments.  
14 8 d. (4) Any other costs necessary to prudently invest or  
14 9 protect the assets of the fund.

14 10 Sec. 12. Section 97A.11, Code 2007, is amended to read as  
14 11 follows:

14 12 97A.11 CONTRIBUTIONS BY THE STATE.

14 13 On or before the first day of November in each year, the  
14 14 board of trustees shall certify to the director of the  
14 15 department of administrative services the amounts which will  
14 16 become due and payable during the year next following to the  
14 17 ~~pension accumulation retirement fund and the expense fund.~~  
14 18 The amounts so certified shall be paid by the director of the  
14 19 department of administrative services out of the funds  
14 20 appropriated for the Iowa department of public safety, to the  
14 21 treasurer of state, the same to be credited to the system for  
14 22 the ensuing year.

14 23 Sec. 13. Section 97A.12, Code 2007, is amended to read as  
14 24 follows:

14 25 97A.12 EXEMPTION FROM EXECUTION AND OTHER PROCESS OR  
14 26 ASSIGNMENT == EXCEPTIONS.

14 27 The right of any person to a pension, annuity, or  
14 28 retirement allowance, to the return of contributions, the  
14 29 pension, annuity, or retirement allowance itself, any optional  
14 30 benefit or death benefit, any other right accrued or accruing  
14 31 to any person under this chapter, and the moneys in the  
14 32 ~~various funds retirement fund~~ created under this chapter, are  
14 33 not subject to execution, garnishment, attachment, or any  
14 34 other process whatsoever, and are unassignable except for the  
14 35 purposes of enforcing child, spousal, or medical support  
15 1 obligations or marital property orders, or as otherwise  
15 2 specifically provided in this chapter. For the purposes of  
15 3 enforcing child, spousal, or medical support obligations, the  
15 4 garnishment or attachment of or the execution against  
15 5 compensation due a person under this chapter shall not exceed  
15 6 the amount specified in 15 U.S.C. } 1673(b).

15 7 Sec. 14. Section 97A.14, Code 2007, is amended to read as  
15 8 follows:

15 9 97A.14 HOSPITALIZATION AND MEDICAL ATTENTION.

15 10 The board of trustees shall provide hospital, nursing, and  
15 11 medical attention for the members in service when injured  
15 12 while in the performance of their duties and shall continue to  
15 13 provide hospital, nursing, and medical attention for injuries  
15 14 or diseases incurred while in the performance of their duties  
15 15 for the members receiving a retirement allowance under section  
15 16 97A.6, subsection 6. The cost of hospital, nursing, and  
15 17 medical attention shall be paid out of the ~~expense retirement~~  
15 18 fund. However, any amounts received by the injured person  
15 19 under the workers' compensation law of the state, or from any  
15 20 other source for such specific purposes, shall be deducted  
15 21 from the amount paid by the board of trustees provisions of  
15 22 this section.

15 23 Sec. 15. Section 97A.14A, subsection 5, Code 2007, is  
15 24 amended to read as follows:

15 25 5. All funds recovered by the system under this section  
15 26 shall be deposited in the ~~pension accumulation retirement~~ fund  
15 27 created in section 97A.8.

15 28 Sec. 16. Section 97A.15, subsection 2, paragraph a, Code  
15 29 2007, is amended to read as follows:

15 30 a. "Accumulated contributions" means the sum of all  
15 31 amounts deducted from the compensation of a member and  
15 32 credited to the member's individual account in the annuity  
15 33 savings fund together with regular interest thereon as  
15 34 provided in this subsection. Accumulated contributions do not  
15 35 include any amount deducted from the compensation of a member  
16 1 and credited to the ~~pension accumulation retirement~~ fund.

16 2 Sec. 17. Section 97A.15, subsection 8, Code 2007, is  
16 3 amended to read as follows:

16 4 8. The actuary shall annually determine the amount  
16 5 required in the annuity reserve fund. If the amount required  
16 6 is less than the amount in the annuity reserve fund, the board  
16 7 of trustees shall transfer the excess funds from the annuity  
16 8 reserve fund to the ~~pension accumulation retirement~~ fund. If

16 9 the amount required is more than the amount in the annuity  
16 10 reserve fund, the board of trustees shall transfer the amount  
16 11 prescribed by the actuary to the annuity reserve fund from the  
16 12 ~~pension accumulation retirement fund.~~

16 13 DIVISION II

16 14 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

16 15 Sec. 18. Section 97B.1A, subsection 20, paragraph a, Code  
16 16 2007, is amended to read as follows:

16 17 a. Service in the armed forces of the United States, if  
16 18 the employee was employed by a covered employer immediately  
16 19 prior to entry into the armed forces, and if ~~the any of the~~  
16 20 following requirements are met:

16 21 (1) The employee was released from service and returns to  
16 22 covered employment with an employer within twelve months of  
16 23 the date on which the employee has the right of release from  
16 24 service or within a longer period as required by the  
16 25 applicable laws of the United States.

16 26 (2) The employee, while serving on active duty in the  
16 27 armed forces of the United States in an area designated by the  
16 28 president of the United States or the United States Congress  
16 29 as a combat zone or as a qualified hazardous duty area, or  
16 30 deployed outside the United States away from the individual's  
16 31 permanent duty station while participating in an operation  
16 32 designated by the United States secretary of defense as a  
16 33 contingency operation as defined in 10 U.S.C. } 101(a)(13), or  
16 34 which became such a contingency operation by the operation of  
16 35 law, dies, or suffers an injury or acquires a disease

17 1 resulting in death, so long as the death from the injury or  
17 2 disease occurs within a two-year period from the date the  
17 3 employee suffered the active duty injury or disease and the  
17 4 active duty injury or disease prevented the employee from  
17 5 returning to covered employment as provided in subparagraph  
17 6 (1).

17 7 Sec. 19. Section 97B.1A, subsection 26, paragraph a,  
17 8 subparagraph (2), subparagraph subdivision (i), Code 2007, is  
17 9 amended to read as follows:

17 10 (i) ~~Payments for allowances made to an employee that are~~  
17 11 ~~not included in an employee's federal taxable income except~~  
17 12 ~~for those allowances included as wages for a member of the~~  
17 13 ~~general assembly.~~

17 14 Sec. 20. Section 97B.1A, subsection 26, paragraph a,  
17 15 subparagraph (2), Code 2007, is amended by adding the  
17 16 following new subparagraph subdivision:

17 17 NEW SUBPARAGRAPH SUBDIVISION. (n) Bonuses of any type,  
17 18 whether paid in a lump sum or in installments.

17 19 Sec. 21. Section 97B.4, subsection 2, Code Supplement  
17 20 2007, is amended by adding the following new paragraph:

17 21 NEW PARAGRAPH. d. In administering this chapter, the  
17 22 system shall not be a participating agency for purposes of  
17 23 chapter 8A, subchapter II.

17 24 Sec. 22. Section 97B.4, subsection 4, paragraph d, Code  
17 25 Supplement 2007, is amended to read as follows:

17 26 d. ANNUAL VALUATION OF ASSETS. The system shall cause an  
17 27 annual actuarial valuation to be made of the assets and  
17 28 liabilities of the retirement system and shall prepare an  
17 29 annual statement of the amounts to be contributed under this  
17 30 chapter, and shall publish annually such valuation of the  
17 31 assets and liabilities and the statement of receipts and  
17 32 disbursements of the retirement system. Based upon the  
17 33 actuarial methods and assumptions adopted by the board for the  
17 34 annual actuarial valuation, the system shall certify to the  
17 35 governor the contribution rates determined thereby as the  
18 1 rates necessary and sufficient for members and employers to  
18 2 fully fund the benefits and retirement allowances being  
18 3 credited. Effective with the fiscal year beginning July 1,  
18 4 2008, the annual actuarial valuation required by this  
18 5 paragraph shall include information as required by section  
18 6 97D.5 for each membership group which separately determines  
18 7 contribution rates under this chapter.

18 8 Sec. 23. Section 97B.7, subsection 3, paragraph d, Code  
18 9 2007, is amended to read as follows:

18 10 d. To be used to pay for investment management expenses  
18 11 incurred in the management of the retirement fund. Expenses  
18 12 incurred pursuant to this paragraph shall be charged to the  
18 13 investment income of the retirement fund. ~~However, the amount~~  
18 14 ~~appropriated for a fiscal year under this paragraph shall not~~  
18 15 ~~exceed four-tenths of one percent of the market value of the~~  
18 16 ~~retirement fund.~~

18 17 Sec. 24. Section 97B.9, subsections 1 and 2, Code 2007,  
18 18 are amended to read as follows:

18 19 1. An employer shall be charged the greater of ~~ten~~ twenty



18 20 dollars per occurrence or interest at the combined interest  
18 21 and dividend rate required under section 97B.70 for the  
18 22 applicable calendar year for contributions unpaid on the date  
18 23 on which they are due and payable as prescribed by the system.  
18 24 The system may adopt rules prescribing circumstances for which  
18 25 the interest or charge shall not accrue with respect to  
18 26 contributions required. Interest or charges collected  
18 27 pursuant to this section shall be paid into the Iowa public  
18 28 employees' retirement fund.

18 29 2. If within thirty days after due notice the employer  
18 30 defaults in payment of contributions or interest thereon, the  
18 31 amount due ~~shall~~ may be collected by civil action in the name  
18 32 of the system, and the employer adjudged in default shall pay  
18 33 the costs of such action. Civil actions brought under this  
18 34 section to collect contributions or interest thereon shall be  
18 35 heard by the court at the earliest possible date and shall be  
19 1 entitled to preference upon the calendar of the court over all  
19 2 other civil actions.

19 3 Sec. 25. Section 97B.10, subsection 3, Code 2007, is  
19 4 amended to read as follows:

19 5 3. ~~Except as provided in this subsection, interest~~  
19 6 Interest shall not be paid on credits issued pursuant to this  
19 7 section. However, ~~if a credit for contributions paid prior to~~  
~~19 8 an individual's decision to elect out of coverage pursuant to~~  
~~19 9 section 97B.42A is issued, accumulated interest and interest~~  
~~19 10 on dividends as provided in section 97B.70 shall apply. In~~  
~~19 11 addition,~~ the system may, at any time, apply accumulated  
19 12 interest and interest dividends as provided in section 97B.70  
19 13 on any credits issued under this section if the system finds  
19 14 that the crediting of interest is just and equitable.

19 15 Sec. 26. Section 97B.11, Code 2007, is amended to read as  
19 16 follows:

19 17 97B.11 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.

19 18 1. Each employer shall deduct from the wages of each  
19 19 member of the retirement system a contribution in the amount  
19 20 of the applicable employee percentage of the covered wages  
19 21 paid by the employer and such additional amount if otherwise  
~~19 22 required by law~~, until the member's termination from  
19 23 employment. The contributions of the employer shall be in the  
19 24 amount of the applicable employer percentage of the covered  
19 25 wages of the member and such additional amount if otherwise  
~~19 26 required by law~~.

19 27 2. ~~For~~ Prior to July 1, 2011, for purposes of this  
19 28 section, unless the context otherwise requires:

19 29 a. "Applicable employee percentage" means the percentage  
19 30 rate equal to three and seven-tenths percent plus forty  
19 31 percent of the total additional percentage.

19 32 b. "Applicable employer percentage" means the percentage  
19 33 rate equal to five and seventy-five hundredths percent plus  
19 34 sixty percent of the total additional percentage.

19 35 c. "Total additional percentage" means ~~as follows:~~

20 1 ~~(1) For, for the fiscal period beginning July 1, 2007,~~  
20 2 ~~through June 30, 2011, the total additional percentage for a~~  
~~20 3 fiscal year shall be the total additional percentage for the~~  
20 4 ~~prior fiscal year plus, only if the total comparison~~  
20 5 ~~percentage is greater than the total of the applicable~~  
20 6 ~~employee percentage and the applicable employer percentage for~~  
20 7 ~~the prior fiscal year, one-half percentage point.~~

20 8 ~~(2) For each fiscal year beginning on or after July 1,~~  
~~20 9 2011, the total additional percentage shall be the total~~  
~~20 10 additional percentage for the prior fiscal year.~~

20 11 d. "Total comparison percentage" means the percentage rate  
20 12 that the system determines, based upon the most recent  
20 13 actuarial valuation of the retirement system, would be  
20 14 sufficient to amortize the unfunded actuarial liability of the  
20 15 retirement system in ten years.

20 16 3. On and after July 1, 2011, for purposes of this  
20 17 section, unless the context otherwise requires:

20 18 a. For members in regular service:

20 19 (1) "Applicable employee percentage" means the percentage  
20 20 rate equal to forty percent of the required contribution rate  
20 21 for members in regular service.

20 22 (2) "Applicable employer percentage" means the percentage  
20 23 rate equal to sixty percent of the required contribution rate  
20 24 for members in regular service.

20 25 b. For members in special service in a protection  
20 26 occupation as described in section 97B.49B:

20 27 (1) "Applicable employee percentage" means the percentage  
20 28 rate equal to forty percent of the required contribution rate  
20 29 for members described in section 97B.49B.

20 30 (2) "Applicable employer percentage" means the percentage

20 31 rate equal to sixty percent of the required contribution rate  
20 32 for members described in section 97B.49B.  
20 33 c. For members in special service as a county sheriff or  
20 34 deputy sheriff as described in section 97B.49C:  
20 35 (1) "Applicable employee percentage" means the percentage  
21 1 rate equal to fifty percent of the required contribution rate  
21 2 for members described in section 97B.49C.  
21 3 (2) "Applicable employer percentage" means the percentage  
21 4 rate equal to fifty percent of the required contribution rate  
21 5 for members described in section 97B.49C.  
21 6 d. "Required contribution rate" means that percentage of  
21 7 the covered wages of members in regular service, members  
21 8 described in section 97B.49B, and members described in section  
21 9 97B.49C, that the system shall, for each fiscal year,  
21 10 separately set for members in each membership category as  
21 11 provided in this paragraph. The required contribution rate  
21 12 for a membership category shall be the contribution rate the  
21 13 system actuarially determines, based upon the most recent  
21 14 actuarial valuation of the system and using the actuarial  
21 15 methods, assumptions, and funding policy approved by the  
21 16 investment board, is the rate required by the system to  
21 17 discharge its liabilities as a percentage of the covered wages  
21 18 of members in that membership category. However, the required  
21 19 contribution rate set by the system for a fiscal year shall  
21 20 not vary by more than one-half percentage point from the  
21 21 required contribution rate for the prior fiscal year.

21 22 Sec. 27. Section 97B.14, Code 2007, is amended to read as  
21 23 follows:

21 24 97B.14 CONTRIBUTIONS FORWARDED.

21 25 Contributions deducted from the wages of the member under  
21 26 section 97B.11 prior to January 1, 1995, member contributions  
21 27 picked up by the employer under section 97B.11A beginning  
21 28 January 1, 1995, and the employer's contribution shall be  
21 29 forwarded to the system for recording and deposited with the  
21 30 treasurer of the state to the credit of the Iowa public  
21 31 employees' retirement fund. Contributions shall be remitted  
21 32 monthly, if total contributions by both employee and employer  
21 33 amount to one hundred dollars or more each month, and shall be  
21 34 otherwise paid in such manner, at such times, and under such  
21 35 conditions, either by copies of payrolls or other methods  
22 1 necessary or helpful in securing proper identification of the  
22 2 member, as may be prescribed by the system.

22 3 Sec. 28. Section 97B.33, Code 2007, is amended to read as  
22 4 follows:

22 5 97B.33 ~~CERTIFICATION TO DIRECTOR~~ PAYMENT TO INDIVIDUALS.

22 6 Upon final decision of the system, or upon final judgment  
22 7 of any court of competent jurisdiction, that any person is  
22 8 entitled to any payment or payments under this chapter, the  
22 9 system shall ~~certify to the director of the department of~~  
22 10 ~~administrative services the name and address of the person so~~  
22 11 ~~entitled to receive such payment or payments, the amount of~~  
22 12 ~~such payment or payments, and the time at which such payment~~  
22 13 ~~or payments should be made, and the system, through the~~  
22 14 ~~director of the department of administrative services, shall~~  
22 15 ~~make payment in accordance with the certification of the~~  
22 16 ~~system to the person, provided that where judicial review of~~  
22 17 ~~the system's decision is or may be sought in accordance~~  
22 18 ~~with the terms of the Iowa administrative procedure Act,~~  
22 19 ~~chapter 17A, certification of payment may be withheld pending~~  
22 20 ~~such review. The director of the department of administrative~~  
22 21 ~~services shall not be held personally liable for any payment~~  
22 22 ~~or payments made in accordance with a certification by the~~  
22 23 ~~system.~~

22 24 Sec. 29. Section 97B.34A, subsections 1 and 2, Code 2007,  
22 25 are amended to read as follows:

22 26 1. If the total sum to be paid to the minor is less than  
22 27 ~~ten~~ the greater of twenty-five thousand dollars or the maximum  
22 28 amount permitted under section 565B.7, subsection 3, the funds  
22 29 may be paid to an adult as custodian for the minor. The  
22 30 custodian must complete the proper forms as determined by the  
22 31 system.

22 32 2. If the total sum to be paid to the minor is equal to or  
22 33 more than ~~ten thousand dollars~~ the amount authorized in  
22 34 subsection 1, the funds must be paid to a court-established  
22 35 conservator. The system shall not make payment until the

23 1 conservatorship has been established and the system has  
23 2 received the appropriate documentation.

23 3 Sec. 30. Section 97B.38, Code 2007, is amended to read as  
23 4 follows:

23 5 97B.38 FEES FOR SERVICES.

23 6 The system may, by rule, prescribe reasonable fees which

23 7 may be charged for ~~production costs incurred~~, including staff  
23 8 time and materials, ~~associated with performing to perform its~~  
23 9 duties under this chapter for ~~active, inactive, and retired~~  
~~23 10 members, beneficiaries, and the general public, where such~~  
~~23 11 production costs are more than de minimis, as determined by~~  
~~23 12 the system.~~

23 13 Sec. 31. Section 97B.49B, subsection 1, paragraph e, Code  
23 14 2007, is amended by adding the following new subparagraphs:

23 15 NEW SUBPARAGRAPH. (9) A jailer or detention officer who  
23 16 performs duties as a jailer, including but not limited to the  
23 17 transportation of inmates, who is certified as having  
23 18 completed jailer training pursuant to chapter 80B, and who is  
23 19 employed by a county as a jailer.

23 20 NEW SUBPARAGRAPH. (10) An employee covered by the merit  
23 21 system as provided in chapter 8A, subchapter IV, whose primary  
23 22 duty is providing security at Iowa national guard  
23 23 installations and facilities and who carries or is licensed to  
23 24 carry a firearm while performing those duties.

23 25 NEW SUBPARAGRAPH. (11) An emergency medical care provider  
23 26 who provides emergency medical services, as defined in section  
23 27 147A.1, and who is not a member of the retirement systems  
23 28 established in chapter 410 or 411.

23 29 NEW SUBPARAGRAPH. (12) An investigator employed by a  
23 30 county attorney's office who is a certified law enforcement  
23 31 officer and who is deputized as an investigator for the county  
23 32 attorney's office by the sheriff of the applicable county.

23 33 Sec. 32. Section 97B.49B, subsection 3, paragraph a, Code  
23 34 2007, is amended by striking the paragraph.

23 35 Sec. 33. Section 97B.49C, subsection 3, paragraph a, Code  
24 1 2007, is amended by striking the paragraph.

24 2 Sec. 34. Section 97B.49F, subsection 1, paragraph b,  
24 3 subparagraph (2), subparagraph subdivision (b), Code 2007, is  
24 4 amended to read as follows:

24 5 (b) The percentage representing the percentage amount the  
24 6 actuary has certified, ~~in the annual actuarial valuation of~~  
~~24 7 the retirement system as of June 30 of the year in which the~~  
~~24 8 dividend is to be paid,~~ that the fund can absorb without  
24 9 requiring an increase in the employer and employee  
24 10 contributions to the fund. The actuary's certification of  
24 11 such percentage amount shall be based on a comparison of the  
24 12 actuarially required contribution rate for the fiscal year of  
24 13 the dividend adjustment to the statutory contribution rate for  
24 14 that same fiscal year. If the actuarially required  
24 15 contribution rate exceeds the statutory contribution rate for  
24 16 that same fiscal year, the percentage amount shall be zero.

24 17 Sec. 35. Section 97B.49H, subsection 3, Code 2007, is  
24 18 amended to read as follows:

24 19 3. The system shall annually determine the amount to be  
24 20 credited to the supplemental accounts of active members. The  
24 21 total amount credited to the supplemental accounts of all  
24 22 active members shall not exceed the amount that the system  
24 23 determines, in consultation with the system's actuary, ~~can be~~  
~~24 24 absorbed without significantly impacting the funded status of~~  
~~24 25 leaves the system fully funded following the crediting of the~~  
~~24 26 total amount to the supplemental accounts.~~ The amount to be  
24 27 credited shall not be greater than the amount calculated by  
24 28 multiplying the member's covered wages for the applicable wage  
24 29 reporting period by the supplemental rate. For purposes of  
24 30 this subsection, the supplemental rate is the difference, if  
24 31 positive, between the combined employee and employer statutory  
24 32 contribution rates in effect under section 97B.11 and the  
24 33 normal cost rate of the retirement system as determined by the  
24 34 system's actuary in the most recent annual actuarial valuation  
24 35 of the retirement system. The credits shall be made ~~at least~~  
~~25 1 quarterly to each member's account at the time that covered~~  
~~25 2 wages are reported for each wage reporting period during the~~  
25 3 calendar year following a determination that the retirement  
25 4 system ~~does not have an unfunded accrued liability will remain~~  
~~25 5 fully funded following the crediting of the total amount to~~  
~~25 6 the supplemental accounts.~~ The normal cost rate, calculated  
25 7 according to the actuarial cost method used, is the percent of  
25 8 pay allocated to each year of service that is necessary to  
25 9 fund projected benefits over all members' service with the  
25 10 retirement system.

25 11 Sec. 36. Section 97B.50, subsection 2, Code 2007, is  
25 12 amended by adding the following new paragraph:

25 13 NEW PARAGRAPH. d. For a vested member who retires from  
25 14 the retirement system due to disability on or after July 1,  
25 15 2009, and commences receiving disability benefits pursuant to  
25 16 the federal Railroad Retirement Act, 45 U.S.C. } 231 et seq.,  
25 17 or the federal Social Security Act, 42 U.S.C. } 423 et seq.,

25 18 the system may require the vested member to certify on an  
25 19 annual basis continued eligibility for disability payments  
25 20 under the federal Railroad Retirement Act or the federal  
25 21 Social Security Act. If the vested member is under the age at  
25 22 which disability benefits are converted under the federal  
25 23 Social Security Act or the federal Railroad Retirement Act to  
25 24 retirement benefits and is no longer eligible for disability  
25 25 payments under either the federal Railroad Retirement Act or  
25 26 the federal Social Security Act, the vested member shall no  
25 27 longer be eligible to receive retirement benefits as provided  
25 28 by this subsection. If the system has paid retirement  
25 29 benefits to the member between the month the member was no  
25 30 longer eligible for payment pursuant to the federal Railroad  
25 31 Retirement Act or the federal Social Security Act and the  
25 32 month the system terminated retirement benefits under this  
25 33 paragraph, the member shall return all retirement benefits  
25 34 paid by the system following the termination of such federal  
25 35 disability benefits, plus interest. The system shall adopt  
26 1 rules pursuant to chapter 17A to implement this paragraph.  
26 2 Sec. 37. Section 97B.50A, subsection 12, Code 2007, is  
26 3 amended to read as follows:  
26 4 12. CONTRIBUTIONS. The expenses incurred in the  
26 5 administration of this section by the system shall be paid  
26 6 through contributions as determined pursuant to section  
26 7 97B.49B, subsection 3, or section 97B.49C, subsection 3, as  
26 8 applicable 97B.11.  
26 9 Sec. 38. Section 97B.52, subsection 1, paragraph a,  
26 10 unnumbered paragraphs 1 and 3, Code 2007, are amended to read  
26 11 as follows:  
26 12 A lump sum payment equal to the accumulated contributions  
26 13 of the member at the date of death plus the product of an  
26 14 amount equal to the highest year of covered wages of the  
26 15 deceased member and the number of years of membership service  
26 16 divided by the applicable denominator. ~~However, a lump sum~~  
26 17 ~~payment made to a beneficiary under this paragraph due to the~~  
26 18 ~~death of a member shall not be less than the amount that would~~  
26 19 ~~have been payable on the death of the member on June 30, 1984,~~  
26 20 ~~under this paragraph as it appeared in the 1983 Code.~~  
26 21 ~~Effective July 1, 1978, a method of payment under this~~  
26 22 ~~paragraph filed with the system by a member does not apply.~~  
26 23 Sec. 39. Section 97B.53B, Code 2007, is amended to read as  
26 24 follows:  
26 25 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.  
26 26 1. As used in this section, unless the context otherwise  
26 27 requires, and to the extent permitted by the internal revenue  
26 28 service:  
26 29 a. "Direct rollover" means a payment by the system to the  
26 30 eligible retirement plan specified by ~~the member or the~~  
26 31 ~~member's surviving spouse an eligible person.~~  
26 32 b. "Eligible person" means any of the following:  
26 33 (1) The member.  
26 34 (2) The member's surviving spouse.  
26 35 (3) The member's spouse or former spouse as an alternate  
27 1 payee under a qualified domestic relations order.  
27 2 (4) Effective January 1, 2007, the member's nonspouse  
27 3 beneficiaries who are designated beneficiaries as defined by  
27 4 section 401(a)(9)(E) of the federal Internal Revenue Code, as  
27 5 authorized under section 829 of the federal Pension Protection  
27 6 Act of 2006.  
27 7 c. "Eligible retirement plan" means ~~either, for an~~  
27 8 ~~eligible person, any of the following retirement plans that~~  
27 9 ~~accepts can accept an eligible rollover distribution from a~~  
27 10 ~~member or a member's surviving spouse that eligible person:~~  
27 11 (1) An individual retirement account in accordance with  
27 12 section 408(a) of the federal Internal Revenue Code.  
27 13 (2) An individual retirement annuity in accordance with  
27 14 section 408(b) of the federal Internal Revenue Code.  
27 15 (3) ~~In addition, an "eligible retirement plan" includes an~~  
27 16 An annuity plan in accordance with section 403(a) of the  
27 17 federal Internal Revenue Code, or a qualified trust in  
27 18 accordance with section 401(a) of the federal Internal Revenue  
27 19 Code, that accepts an eligible rollover distribution from a  
27 20 member.  
27 21 (4) ~~Effective January 1, 2002, the term "eligible~~  
27 22 ~~retirement plan" also includes an annuity contract described~~  
27 23 ~~in section 403(b) of the federal Internal Revenue Code, and an~~  
27 24 ~~eligible plan under section 457(b) of the federal Internal~~  
27 25 ~~Revenue Code which is maintained by a state, political~~  
27 26 ~~subdivision of a state, or any agency or instrumentality of a~~  
27 27 ~~state or political subdivision of a state that chooses to~~  
27 28 ~~separately account for amounts transferred into such eligible~~

27 29 retirement plan from the system.  
 27 30 (5) Effective January 1, 2008, a Roth individual  
 27 31 retirement account or a Roth individual retirement annuity  
 27 32 established under section 408A of the Internal Revenue Code.  
 27 33 ~~e. d.~~ (1) "Eligible rollover distribution" includes any  
 27 34 of the following:  
 27 35 (a) All or any portion of a member's account and  
 28 1 supplemental account.  
 28 2 (b) Effective January 1, 2002, after=tax employee  
 28 3 contributions, if the plan to which such amounts are to be  
 28 4 transferred is an individual retirement account described in  
 28 5 federal Internal Revenue Code section 408(a) or 408(b), or is  
 28 6 a qualified defined contribution plan described in federal  
 28 7 Internal Revenue Code section 401(a) or 403(a), and such plan  
 28 8 agrees to separately account for the after=tax amount so  
 28 9 transferred.  
 28 10 ~~(c) A distribution made on behalf of a surviving spouse~~  
 28 11 ~~and to an alternate payee, who is a spouse or former spouse,~~  
 28 12 ~~under a qualified domestic relations order. Effective January~~  
 28 13 ~~1, 2007, after=tax employee contributions to a qualified~~  
 28 14 ~~defined benefit plan described in federal Internal Revenue~~  
 28 15 ~~Code section 401(a) or 403(a), or a tax=sheltered annuity plan~~  
 28 16 ~~described in federal Internal Revenue Code section 403(b), and~~  
 28 17 ~~such plan agrees to separately account for the after=tax~~  
 28 18 ~~amount so transferred.~~  
 28 19 (2) An eligible rollover distribution does not include any  
 28 20 of the following:  
 28 21 (a) A distribution that is one of a series of  
 28 22 substantially equal periodic payments, which occur annually or  
 28 23 more frequently, made for the life or life expectancy of the  
 28 24 distributee or the joint lives or joint life expectancies of  
 28 25 the distributee and the distributee's designated beneficiary,  
 28 26 or made for a specified period of ten years or more.  
 28 27 (b) A distribution to the extent that the distribution is  
 28 28 required pursuant to section 401(a)(9) of the federal Internal  
 28 29 Revenue Code.  
 28 30 (c) Prior to January 1, 2002, the portion of any  
 28 31 distribution that is not includible in the gross income of the  
 28 32 distributee, determined without regard to the exclusion for  
 28 33 net unrealized appreciation with respect to employer  
 28 34 securities.  
 28 35 ~~2. Effective January 1, 1993, a member or a member's~~  
 29 1 ~~surviving spouse An eligible person may elect, at the time and~~  
 29 2 ~~in the manner prescribed in rules adopted by the system and in~~  
 29 3 ~~rules of the receiving retirement plan, to have the system pay~~  
 29 4 ~~all or a portion of an eligible rollover distribution directly~~  
 29 5 ~~to an eligible retirement plan, specified by the member or the~~  
 29 6 ~~member's surviving spouse, in a direct rollover. However,~~  
 29 7 ~~effective January 1, 2007, if the eligible person is a~~  
 29 8 ~~nonspouse beneficiary as described in subsection 1, paragraph~~  
 29 9 ~~"b", subparagraph (4), the nonspouse beneficiary may only have~~  
 29 10 ~~a direct rollover of the distribution to an individual~~  
 29 11 ~~retirement account or annuity as described in subsection 1,~~  
 29 12 ~~paragraph "c", subparagraphs (1) or (2), established for the~~  
 29 13 ~~purpose of receiving the distribution on behalf of the~~  
 29 14 ~~nonspouse beneficiary, and such individual retirement account~~  
 29 15 ~~or annuity will be treated as an inherited individual~~  
 29 16 ~~retirement account or annuity pursuant to section 829 of the~~  
 29 17 ~~federal Pension Protection Act of 2006.~~  
 29 18 Sec. 40. Section 97B.65, Code 2007, is amended to read as  
 29 19 follows:  
 29 20 97B.65 REVISION RIGHTS RESERVED == LIMITATION ON INCREASE  
 29 21 OF BENEFITS == RATES OF CONTRIBUTION.  
 29 22 1. The right is reserved to the general assembly to alter,  
 29 23 amend, or repeal any provision of this chapter or any  
 29 24 application thereof to any person, provided, however, that to  
 29 25 the extent of the funds in the retirement system the amount of  
 29 26 benefits which at the time of any such alteration, amendment,  
 29 27 or repeal shall have accrued to any member of the retirement  
 29 28 system shall not be repudiated, provided further, however,  
 29 29 that the amount of benefits accrued on account of prior  
 29 30 service shall be adjusted to the extent of any unfunded  
 29 31 accrued liability then outstanding.  
 29 32 2. An increase in the benefits or retirement allowances  
 29 33 provided under this chapter shall not be enacted until after  
 29 34 the system's actuary determines that the system is fully  
 29 35 funded and will continue to be fully funded immediately  
 30 1 following enactment of the increase and the increase can be  
 30 2 absorbed within the contribution rates otherwise established  
 30 3 for the membership group authorized to receive the increase.  
 30 4 However, an increase in the benefits or retirement allowances

30 5 provided under this chapter may be enacted if the statutory  
30 6 change providing for the increase is accompanied by a change  
30 7 in the employer and employee contribution rates an adjustment  
30 8 in the required contribution rate of the membership group  
30 9 affected that is necessary to support such increase as  
30 10 determined by the system's actuary.  
30 11 Sec. 41. Section 97B.80C, subsection 1, paragraph a, Code  
30 12 2007, is amended to read as follows:  
30 13 a. "Nonqualified service" means ~~service that is not~~  
30 14 ~~qualified service and includes, but is not limited to, any of~~  
30 15 ~~the following:~~  
30 16 (1) ~~Full-time volunteer public service in the federal~~  
30 17 ~~peace corps program. Service that is not qualified service.~~  
30 18 (2) ~~Public employment comparable to employment covered~~  
30 19 ~~under this chapter in a qualified Canadian governmental entity~~  
30 20 ~~that is an elementary school, secondary school, college, or~~  
30 21 ~~university that is organized, administered, and primarily~~  
30 22 ~~supported by the provincial, territorial, or federal~~  
30 23 ~~governments of Canada, or any combination of the same. Any~~  
30 24 ~~period of time for which there was no performance of services.~~  
30 25 (3) Service as described in subsection 1, paragraph "c",  
30 26 subparagraph (2).  
30 27 Sec. 42. Section 97B.80C, subsection 2, Code 2007, is  
30 28 amended to read as follows:  
30 29 2. a. A vested or retired member may make contributions  
30 30 to the retirement system to purchase up to the maximum amount  
30 31 of permissive service credit for qualified service as  
30 32 determined by the system, pursuant to Internal Revenue Code  
30 33 section 415(n), and the requirements of this section, and the  
30 34 system's administrative rules.  
30 35 b. A vested or retired member of the retirement system ~~who~~  
31 1 ~~has five or more full calendar years of covered wages~~ may make  
31 2 contributions to the retirement system to purchase up to ~~five~~  
31 3 ~~years a maximum of twenty quarters~~ of permissive service  
31 4 credit for nonqualified service as determined by the system,  
31 5 pursuant to Internal Revenue Code section 415(n), and the  
31 6 requirements of this section, and the system's administrative  
31 7 rules. A vested or retired member must have at least twenty  
31 8 quarters of covered wages in order to purchase permissive  
31 9 service credit for nonqualified service.  
31 10 c. A vested or retired member may convert regular member  
31 11 service credit to special service credit by payment of the  
31 12 amount actuarially determined as necessary to fund the  
31 13 resulting increase in the member's accrued benefit. The  
31 14 conversion shall be treated as a purchase of qualified service  
31 15 credit subject to the requirements of paragraph "a" if the  
31 16 service credit to be converted was or would have been for  
31 17 qualified service. The conversion shall be treated as a  
31 18 purchase of nonqualified service credit subject to the  
31 19 requirements of paragraph "b" if the service credit to be  
31 20 converted was purchased as nonqualified service credit.  
31 21 Sec. 43. Section 97B.82, subsection 2, paragraph b,  
31 22 subparagraph (2), subparagraph subdivision (c), Code 2007, is  
31 23 amended to read as follows:  
31 24 (c) The For rollover service purchases prior to January 1,  
31 25 2007, the portion of any distribution that is not includible  
31 26 in the gross income of the distributee, determined without  
31 27 regard to the exclusion for net unrealized appreciation with  
31 28 respect to employer securities.  
31 29 For rollover service purchases on or after January 1, 2007,  
31 30 the portion of any distribution that is not includible in the  
31 31 gross income of the distributee, determined without regard to  
31 32 the exclusion for net unrealized appreciation with respect to  
31 33 employer securities, shall be treated as an eligible rollover  
31 34 distribution only when such portion is received from a  
31 35 qualified plan under section 401(a) or 403(a) of the federal  
32 1 Internal Revenue Code.  
32 2 Sec. 44. Section 97B.82, subsection 3, Code 2007, is  
32 3 amended to read as follows:  
32 4 3. A member may purchase any service credit as authorized  
32 5 by this section, to the extent permitted by the internal  
32 6 revenue service, by means of a direct transfer, ~~excluding of~~  
32 7 ~~pretax amounts, and effective January 1, 2007, any after-tax~~  
32 8 contributions, from an annuity contract qualified under  
32 9 federal Internal Revenue Code section 403(b), or an eligible  
32 10 plan described in federal Internal Revenue Code section  
32 11 457(b), maintained by a state, political subdivision of a  
32 12 state, or any agency or instrumentality of a state or  
32 13 political subdivision of a state. A direct transfer is a  
32 14 trustee-to-trustee transfer to the retirement system of  
32 15 contributions made to annuity contracts qualified under

32 16 federal Internal Revenue Code section 403(b) and eligible  
 32 17 governmental plans qualified under federal Internal Revenue  
 32 18 Code section 457(b) for purposes of purchasing service credit  
 32 19 in the retirement system.  
 32 20 Sec. 45. Section 97B.73B, Code 2007, is repealed.  
 32 21 Sec. 46. TRANSITION PROVISION == REQUIRED CONTRIBUTION  
 32 22 RATE FOR FISCAL YEAR 2010=2011. For purposes of establishing  
 32 23 the required contribution rate for the fiscal year beginning  
 32 24 July 1, 2011, as provided in section 97B.11, as amended in  
 32 25 this Act, the required contribution rate for the fiscal year  
 32 26 beginning July 1, 2010, shall be, for members in regular  
 32 27 service, members described in section 97B.49B, and members  
 32 28 described in section 97B.49C, the total contribution  
 32 29 percentage rate paid by members and employers of that  
 32 30 membership group for the fiscal year beginning July 1, 2010.  
 32 31 Sec. 47. IMPLEMENTATION PROVISION. Notwithstanding any  
 32 32 provision of section 97B.65 to the contrary, the provisions of  
 32 33 this division of this Act shall be enacted and implemented by  
 32 34 the Iowa public employees' retirement system upon the  
 32 35 effective dates provided for the provisions of this division  
 33 1 of this Act.  
 33 2 Sec. 48. EFFECTIVE DATES == RETROACTIVE APPLICABILITY.  
 33 3 1. The sections of this Act amending section 97B.49B,  
 33 4 subsection 3, section 97B.49C, subsection 3, section 97B.50A,  
 33 5 subsection 12, and section 97B.65 take effect July 1, 2011.  
 33 6 2. The section of this Act amending section 97B.53B, being  
 33 7 deemed of immediate importance, takes effect upon enactment,  
 33 8 and, except as otherwise stated, is retroactively applicable  
 33 9 to January 1, 2007, and is applicable on and after that date.  
 33 10 3. The sections of this Act amending section 97B.82, being  
 33 11 deemed of immediate importance, take effect upon enactment,  
 33 12 and are retroactively applicable to January 1, 2007, and are  
 33 13 applicable on and after that date.  
 33 14 DIVISION III  
 33 15 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM  
 33 16 Sec. 49. Section 411.5, subsections 10 and 11, Code 2007,  
 33 17 are amended to read as follows:  
 33 18 10. ACTUARIAL INVESTIGATION == TABLES == RATES. At least  
 33 19 once in each five-year period, the actuary shall make an  
 33 20 actuarial investigation into the mortality, service, and  
 33 21 compensation experience of the members and beneficiaries of  
 33 22 the retirement system, and the interest and other earnings on  
 33 23 the moneys and other assets of the retirement system, and  
 33 24 shall make a valuation of the assets and liabilities of the  
 33 25 fire and police retirement fund, and on the basis of the  
 33 26 results of the investigation and valuation, the system shall  
 33 27 ~~do all of the following:~~  
 33 28 ~~a. Adopt~~ adopt for the retirement system such actuarial  
 33 29 methods and assumptions, interest rate, and mortality and  
 33 30 other tables as are deemed necessary to conduct the annual  
 33 31 actuarial valuation of the system.  
 33 32 ~~b. Certify the rates of contribution payable by the cities~~  
 33 33 ~~in accordance with section 411.8.~~  
 33 34 ~~c. Certify the rates of contributions payable by the~~  
 33 35 ~~members in accordance with section 411.8.~~  
 34 1 11. ANNUAL ACTUARIAL VALUATION.  
 34 2 a. On the basis of the actuarial methods and assumptions,  
 34 3 rate of interest and tables adopted, the actuary shall make an  
 34 4 annual valuation of the assets and liabilities of the fire and  
 34 5 police retirement fund created by this chapter. As a result  
 34 6 of the annual actuarial valuation, the system shall do all of  
 34 7 the following:  
 34 8 (1) Certify the rates of contribution payable by the  
 34 9 cities in accordance with section 411.8.  
 34 10 (2) Certify the rates of contributions payable by the  
 34 11 members in accordance with section 411.8.  
 34 12 b. Effective with the fiscal year beginning July 1, 2008,  
 34 13 the annual actuarial valuation required to be conducted shall  
 34 14 include information as required by section 97D.5.  
 34 15 Sec. 50. Section 411.8, subsection 1, paragraph b, Code  
 34 16 2007, is amended to read as follows:  
 34 17 b. On the basis of the actuarial methods and assumptions,  
 34 18 rate of interest, and of the mortality, interest and other  
 34 19 tables adopted by the system, the actuary engaged by the  
 34 20 system to make each valuation required by this chapter  
 34 21 pursuant to the requirements of section 411.5, shall  
 34 22 immediately after making such valuation, determine the "normal  
 34 23 contribution rate". Except as otherwise provided in this  
 34 24 lettered paragraph, the normal contribution rate shall be the  
 34 25 rate percent of the earnable compensation of all members  
 34 26 obtained by deducting from the total liabilities of the fund

~~34 27 the amount of the funds in hand to the credit of the fund and~~  
~~34 28 dividing the remainder by one percent of the present value of~~  
~~34 29 the prospective future compensation of all members as computed~~  
~~34 30 on the basis of the rate of interest and of mortality and~~  
~~34 31 service tables adopted, all equal to the rate required by the~~  
~~34 32 system to discharge its liabilities, stated as a percentage of~~  
~~34 33 the earnable compensation of all members, and reduced by the~~  
~~34 34 employee contribution made pursuant to rate provided in~~  
~~34 35 paragraph "f" of this subsection and the contribution rate~~  
~~35 1 representing the state appropriation made as provided in~~  
~~35 2 section 411.20. However, the normal rate of contribution~~  
~~35 3 shall not be less than seventeen percent.~~  
~~35 4 Beginning July 1, 1996, and each fiscal year thereafter,~~  
~~35 5 the normal contribution rate shall be the rate percent of the~~  
~~35 6 earnable compensation of all members obtained by deducting~~  
~~35 7 from the total liabilities of the fund the amount of the funds~~  
~~35 8 in hand to the credit of the fund and dividing the remainder~~  
~~35 9 by one percent of the present value of the prospective future~~  
~~35 10 compensation of all members as computed on the basis of the~~  
~~35 11 rate of interest and of mortality and service tables adopted,~~  
~~35 12 multiplied by six-tenths, or seventeen percent, whichever is~~  
~~35 13 greater.~~

35 14 The normal rate of contribution shall be determined by the  
35 15 actuary after each valuation.

35 16 Sec. 51. NEW SECTION. 411.10 PURCHASE OF SERVICE CREDIT  
35 17 FOR MILITARY SERVICE.

35 18 1. An active member of the system who has been a member of  
35 19 the retirement system five or more years may elect to purchase  
35 20 up to five years of service credit for military service, other  
35 21 than military service required to be recognized under Internal  
35 22 Revenue Code section 414(u) or under the federal Uniformed  
35 23 Services Employment and Reemployment Rights Act, that will be  
35 24 recognized by the retirement system for purposes of  
35 25 calculating a member's benefit, pursuant to Internal Revenue  
35 26 Code section 415(n) and the requirements of this section.

35 27 2. a. A member seeking to purchase service credit  
35 28 pursuant to this section shall file a written application with  
35 29 the system requesting an actuarial determination of the cost  
35 30 of a purchase of service credit. Upon receipt of the cost  
35 31 estimate for the purchase of service from the system, the  
35 32 member may make contributions to the system in an amount equal  
35 33 to the actuarial cost of the service credit purchase.

35 34 b. For purposes of this subsection, the actuarial cost of  
35 35 the service credit purchase is an amount determined by the  
36 1 system in accordance with actuarial tables, as reported to the  
36 2 system by the system's actuary, which reflects the actuarial  
36 3 cost necessary to fund an increased retirement allowance  
36 4 resulting from the purchase of service credit.

36 5 3. The system shall ensure that the member, in exercising  
36 6 an option provided in this section, does not exceed the amount  
36 7 of annual additions to a member's account permitted pursuant  
36 8 to section 415 of the federal Internal Revenue Code.

36 9 4. The board of trustees shall adopt rules providing for  
36 10 the implementation and administration of this section.

36 11 Sec. 52. Section 411.15, Code 2007, is amended to read as  
36 12 follows:

36 13 411.15 HOSPITALIZATION AND MEDICAL ATTENTION.

36 14 Cities shall provide hospital, nursing, and medical  
36 15 attention for the members of the police and fire departments  
36 16 of the cities, when injured while in the performance of their  
36 17 duties as members of such department, and shall continue to  
36 18 provide hospital, nursing, and medical attention for injuries  
36 19 or diseases incurred while in the performance of their duties  
36 20 for members receiving a retirement allowance under section  
36 21 411.6, subsection 6. Members receiving hospital, nursing, and  
36 22 medical attention pursuant to this section have the right to

36 23 choose the care. Cities may provide the hospital, nursing,  
36 24 and medical attention required by this section through the  
36 25 purchase of insurance, by self-insuring the obligation, or  
36 26 through payment of moneys into a local government risk pool  
36 27 established for the purpose of covering the costs associated  
36 28 with the requirements of this section. The cost of providing  
36 29 the hospital, nursing, and medical attention required by this  
36 30 section shall be paid from moneys held in a trust and agency  
36 31 fund established pursuant to section 384.6, or out of the  
36 32 appropriation for the department to which the injured person  
36 33 belongs or belonged; provided that any amounts received by the  
36 34 injured person under the workers' compensation law of the  
36 35 state, or from any other source for such specific purposes,  
37 1 shall be deducted from the amount paid by the city under the  
37 2 provisions of this section.



DIVISION IV

JUDICIAL RETIREMENT SYSTEM

Sec. 53. Section 602.9104, subsection 1, paragraph b, Code 2007, is amended to read as follows:

b. The state shall contribute annually to the judicial retirement fund an amount equal to the state's required contribution for all judges covered under this article. ~~The~~

~~state's required contribution shall be appropriated directly to the judicial retirement fund by the general assembly.~~

Sec. 54. Section 602.9104, subsection 4, paragraphs b, c, d, and e, Code 2007, are amended to read as follows:

b. "Fully funded status" means that the most recent actuarial valuation reflects that, ~~using the projected unit credit method in accordance with generally recognized and accepted actuarial principles and practices set forth by the American academy of actuaries,~~ the funded status of the system is at least ninety percent, based upon the benefits provided for judges through the judicial retirement system as of July 1, 2006.

c. "Judge's required contribution" means an amount equal to the basic salary of the judge multiplied by the following applicable percentage:

(1) For the fiscal year beginning July 1, 2008, and ending June 30, 2009, seven and seven-tenths percent.

(2) For the fiscal year beginning July 1, 2009, and ending June 30, 2010, eight and seven-tenths percent.

~~(3) For the fiscal year beginning July 1, 2006 2010, and for each subsequent fiscal year until the system attains fully funded status, six percent multiplied by a fraction equal to the actual percentage rate contributed by the state for that fiscal year divided by twenty-three and seven-tenths percent nine and seven-tenths percent.~~

(4) Commencing with the first fiscal year in which the system attains fully funded status, and for each subsequent fiscal year, the percentage rate equal to ~~fifty~~ forty percent of the required contribution rate.

d. "Required contribution rate" means that percentage of the basic salary of all judges covered under this article ~~which the actuary of the system determines is necessary, using the projected unit credit method in accordance with generally recognized and accepted actuarial principles and practices set forth by the American academy of actuaries, to amortize the unfunded actuarial liability of the judicial retirement system within twenty years equal to the actuarially required contribution rate determined by the actuary pursuant to section 602.9116.~~

e. "State's required contribution" means an amount equal to the basic salary of all judges covered under this article multiplied by the following applicable percentage:

(1) For the fiscal year beginning July 1, ~~2006~~ 2008, and for each subsequent fiscal year until the system attains fully funded status, ~~twenty-three and seven-tenths percent the required contribution rate reduced by the applicable percentage used in determining the judge's required contribution for that fiscal year.~~

(2) Commencing with the first fiscal year in which the system attains fully funded status, and for each subsequent fiscal year, the percentage rate equal to ~~fifty~~ sixty percent of the required contribution rate.

Sec. 55. Section 602.9116, subsection 1, Code Supplement 2007, is amended to read as follows:

1. The court administrator shall cause an actuarial valuation to be made of the assets and liabilities of the judicial retirement fund at least once every four years commencing with the fiscal year beginning July 1, 1981. For each fiscal year in which an actuarial valuation is not conducted, the court administrator shall cause an annual actuarial update to be prepared for the purpose of determining the adequacy of the contribution rates specified in section 602.9104. The court administrator shall adopt actuarial methods and assumptions, mortality tables, and other necessary factors for use in the actuarial calculations required for the valuation upon the recommendation of the actuary. In addition, effective with the fiscal year beginning July 1, 2008, the actuarial valuation or actuarial update required to be conducted shall include information as required by section 97D.5. Following the actuarial valuation or annual actuarial update, the court administrator shall determine the condition of the system, determine the actuarially required contribution rate for each fiscal year which is the rate required by the system to discharge its liabilities, stated as a percentage of

39 14 the basic salary of all judges covered under this article, and  
39 15 shall report any findings and recommendations to the general  
39 16 assembly.

#### 39 17 DIVISION V

#### 39 18 MISCELLANEOUS PROVISIONS

39 19 Sec. 56. Section 55.1, unnumbered paragraph 1, Code 2007,  
39 20 is amended to read as follows:

39 21 A person who is elected to a municipal, county, state, or  
39 22 federal office shall, upon written application to the employer  
39 23 of that person, be granted a leave of absence from regular  
39 24 employment to serve in that office except where prohibited by  
39 25 the federal law. The leave of absence may be granted without  
39 26 pay ~~and, except that if a salaried employee takes leave~~  
39 27 ~~without pay from regular employment for a portion of a pay~~  
39 28 ~~period, the employee's salaried compensation for that pay~~  
39 29 ~~period shall be reduced by the ratio of the number of days of~~  
39 30 ~~leave taken to the total number of days in the pay period.~~

39 31 The leave of absence shall be granted without loss of net  
39 32 credited service and benefits earned. This section shall not  
39 33 be construed to require an employer to pay pension, health or  
39 34 other benefits during the leave of absence to an employee  
39 35 taking a leave of absence under this section.

40 1 Sec. 57. Section 55.1, unnumbered paragraph 3, Code 2007,  
40 2 is amended to read as follows:

40 3 An employee shall not be prohibited from returning to  
40 4 regular employment before the period expires for which the  
40 5 leave of absence was granted. This section applies only to  
40 6 employers which employ twenty or more full-time persons. ~~The~~  
40 7 ~~leave of absence granted by this section need not exceed six~~  
40 8 ~~years.~~ The leave of absence granted by this section does not  
40 9 apply to an elective office held by the employee prior to the  
40 10 election.

40 11 Sec. 58. Section 97C.21, Code 2007, is amended to read as  
40 12 follows:

#### 40 13 97C.21 VOLUNTARY COVERAGE OF ELECTED OFFICIALS.

40 14 Notwithstanding any provision of this chapter to the  
40 15 contrary, an employer of elected officials otherwise excluded  
40 16 from the definition of employee as provided in section 97C.2,  
40 17 may, but is not required to, choose to provide benefits to  
40 18 those elected officials as employees as provided by this  
40 19 chapter. Alternatively, the governor may authorize a  
40 20 statewide referendum of the appointed and elected officials of  
40 21 the state and its political subdivisions on the question of  
40 22 whether to include in or exclude from the definition of  
40 23 employee all such positions. This choice shall be reflected

40 24 in the federal-state agreement described in section 97C.3,  
40 25 and, if necessary, in this chapter. An employer who is  
40 26 providing benefits to elected officials otherwise excluded  
40 27 from the definition of employee prior to July 1, 2002, shall  
40 28 not be deemed to be in an erroneous reporting situation, and  
40 29 corrections for prior federal social security withholdings  
40 30 shall not be required. The implementation of this section  
40 31 shall be subject to the approval of the federal social  
40 32 security administration.

40 33 Sec. 59. Section 97D.2, Code 2007, is amended to read as  
40 34 follows:

#### 40 35 97D.2 ANALYSIS OF COST OF PROPOSED CHANGES.

41 1 When the public retirement systems committee established by  
41 2 section 97D.4 or a standing committee of the senate or house  
41 3 of representatives recommends a proposal for a change in a  
41 4 public retirement system within this state, the committee  
41 5 shall require the development of actuarial information  
41 6 concerning the costs of the proposed change. If the proposal  
41 7 affects police and fire retirement under chapter 411, the  
41 8 committee shall arrange for the services of an actuarial  
41 9 consultant or request actuarial information from the statewide  
41 10 fire and police retirement system created in chapter 411 to  
41 11 assist in developing the information. Actuarial information  
41 12 developed as provided under this section concerning the cost  
41 13 of a proposed change shall include information on the effect  
41 14 of the proposed change on the normal cost rate for that public  
41 15 retirement system using the entry age normal actuarial cost  
41 16 method.

41 17 Sec. 60. NEW SECTION. 97D.5 PUBLIC RETIREMENT SYSTEMS ==  
41 18 ANNUAL ACTUARIAL VALUATIONS == REQUIRED INFORMATION.

41 19 1. For purposes of this section, "public retirement  
41 20 system" means the public safety peace officers' retirement  
41 21 system created in chapter 97A, the Iowa public employees'  
41 22 retirement system created in chapter 97B, the statewide fire  
41 23 and police retirement system created in chapter 411, or the  
41 24 judicial retirement system created in chapter 602.

41 25 2. Effective with the fiscal year beginning July 1, 2008,  
41 26 a public retirement system shall include in each actuarial  
41 27 valuation or actuarial update required to be conducted by that  
41 28 public retirement system the following additional information,  
41 29 all as determined by using the entry age normal actuarial cost  
41 30 method:

41 31 a. The actuarially required contribution rate for the  
41 32 public retirement system which is equal to the normal cost  
41 33 rate plus the contribution rate necessary to amortize the  
41 34 unfunded actuarial accrued liability on a level percent of  
41 35 payroll basis over thirty years.

42 1 b. The normal cost rate for the public retirement system  
42 2 which shall be determined for each individual member on a  
42 3 level percentage of salary basis and then summed for all  
42 4 members to obtain the total normal cost.

42 5 Sec. 61. Section 273.3, subsection 14, Code 2007, is  
42 6 amended by striking the subsection and inserting in lieu  
42 7 thereof the following:

42 8 14. a. The board may purchase for eligible employees one  
42 9 or more investment contracts, on a group or individual basis,  
42 10 pursuant to a plan established by the board in accordance with  
42 11 section 403(b) of the Internal Revenue Code, as defined in  
42 12 section 422.3. An investment contract purchased for the plan  
42 13 shall be issued by a nonprofit corporation issuing retirement  
42 14 custodial accounts or annuities exclusively for educational  
42 15 institutions and their employees or by a company authorized to  
42 16 do business in this state or purchased through an  
42 17 Iowa-licensed salesperson for the company.

42 18 b. The plan established by the board shall include no more  
42 19 than five companies authorized to issue investment contracts  
42 20 as selected by the board and no more than three companies  
42 21 authorized to issue investment contracts as selected by, and  
42 22 in the sole discretion of, the employee organization  
42 23 representing the board's employees.

42 24 c. The board may make salary reductions in accordance with  
42 25 the plan as authorized by an eligible employee for the purpose  
42 26 of making contributions to the investment contract on behalf  
42 27 of the employee. The reductions shall be made in the manner  
42 28 which will qualify contributions to the investment contract  
42 29 for the benefits under section 403(b) of the Internal Revenue  
42 30 Code, as defined in section 422.3.

42 31 d. As used in this subsection, unless the context  
42 32 otherwise requires, "investment contract" shall mean a  
42 33 custodial account utilizing mutual funds or an annuity  
42 34 contract which meets the requirements of section 403(b) of the  
42 35 Internal Revenue Code, as defined in section 422.3.

43 1 Sec. 62. Section 294.16, Code 2007, is amended by striking  
43 2 the section and inserting in lieu thereof the following:

43 3 294.16 INVESTMENT CONTRACTS.

43 4 1. A school district may purchase for eligible employees  
43 5 one or more investment contracts, on a group or individual  
43 6 basis, pursuant to a plan established by the school district  
43 7 in accordance with section 403(b) of the Internal Revenue  
43 8 Code, as defined in section 422.3. An investment contract  
43 9 purchased for the plan shall be issued by a company authorized  
43 10 to do business in this state or purchased through an  
43 11 Iowa-licensed salesperson for the company.

43 12 2. The plan established by the school district shall  
43 13 include no more than five companies authorized to issue  
43 14 investment contracts as selected by the school district and no  
43 15 more than three companies authorized to issue investment  
43 16 contracts as selected by, and in the sole discretion of, the  
43 17 employee organization representing the school district's  
43 18 certified teachers.

43 19 3. The school district may make salary reductions in  
43 20 accordance with the plan as authorized by an eligible employee  
43 21 for the purpose of making contributions to the investment  
43 22 contract on behalf of the employee. The reductions shall be  
43 23 made in the manner which will qualify contributions to the  
43 24 investment contract for the benefits under section 403(b) of  
43 25 the Internal Revenue Code, as defined in section 422.3.

43 26 4. As used in this section, unless the context otherwise  
43 27 requires, "investment contract" shall mean a custodial account  
43 28 utilizing mutual funds or an annuity contract which meets the  
43 29 requirements of section 403(b) of the Internal Revenue Code,  
43 30 as defined in section 422.3.

43 31 EXPLANATION

43 32 This bill makes numerous changes to public retirement  
43 33 systems, including the public safety peace officers'  
43 34 retirement, accident, and disability system, the Iowa public  
43 35 employees' retirement system, and the statewide fire and

44 1 police retirement system, as well as other employee benefit  
44 2 matters. The bill may include a state mandate as defined in  
44 3 Code section 25B.3. The state mandate funding requirement in  
44 4 Code section 25B.2, however, does not apply to public employee  
44 5 retirement systems. The changes to each public retirement  
44 6 system as well as other employee benefit-related matters are  
44 7 as follows:

44 8 PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM  
44 9 (PORS). The bill eliminates references in Code chapter 97A to  
44 10 the pension accumulation fund, pension reserve fund, and the  
44 11 expense fund as separate funds of PORS and provides that the  
44 12 assets of PORS are in one retirement fund.

44 13 Code section 97A.5(8), concerning the medical board for the  
44 14 system, is amended to provide that the board of trustees can  
44 15 designate a single medical provider network as the medical  
44 16 board of the system. The bill provides that disability  
44 17 examinations shall be conducted by a physician from the  
44 18 medical board specializing in occupational medicine and a  
44 19 second physician selected by the occupational medicine  
44 20 physician in an appropriate field of medicine. Current law  
44 21 provides for a three-physician medical board.

44 22 Code section 97A.5(11) and (12), concerning the actuarial  
44 23 investigation and valuation of the system, is amended to  
44 24 provide that the board of trustees shall select the actuarial  
44 25 cost method to be used in conducting the annual actuarial  
44 26 valuation of the system. A corresponding change in Code  
44 27 section 97A.8 is made to eliminate the requirement that the  
44 28 aggregate cost method be used.

44 29 Code section 97A.6(7), concerning the reexamination of  
44 30 beneficiaries retired due to disability, is amended to provide  
44 31 that a member's disability retirement shall cease if the  
44 32 disabled member is under age 55 and becomes employed in  
44 33 another public safety occupation.

44 34 Code section 97A.6(11) is amended to provide that a member  
44 35 receiving an accidental disability benefit under PORS shall  
45 1 not have their pension offset by any workers' compensation  
45 2 benefits payable to the member for a permanent partial  
45 3 disability or permanent total disability. This provision  
45 4 applies to any injury, disease, or exposure occurring or  
45 5 aggravated on or after July 1, 2000, giving rise to a  
45 6 disability benefit and workers' compensation benefits. This  
45 7 provision takes effect upon enactment and is retroactively  
45 8 applicable to July 1, 2000.

45 9 Code section 97A.8(1)(b), concerning the determination of  
45 10 the contribution rate paid by the state to the PORS retirement  
45 11 fund, is amended. The bill provides that the determination of  
45 12 the "normal contribution rate" paid by the state shall be  
45 13 based upon the actuarial valuation of the system using the  
45 14 actuarial cost method selected by the board of trustees and  
45 15 eliminates the requirement that the actuarial valuation use  
45 16 the aggregate cost actuarial method in calculating this rate.  
45 17 The bill further provides that notwithstanding this  
45 18 calculation, the state's normal contribution rate shall  
45 19 increase from the current minimum 17 percent rate by 2  
45 20 percentage points per fiscal year, beginning July 1, 2008,  
45 21 until reaching a maximum of 27 percent in the fiscal year  
45 22 beginning July 1, 2012. Beginning July 1, 2012, the state's  
45 23 contribution rate for a fiscal year shall be the lesser of 27  
45 24 percent or the normal contribution rate calculated pursuant to  
45 25 the actuarial valuation of the system.

45 26 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS). Code  
45 27 section 97B.1A(20), concerning the definition of service, is  
45 28 amended to provide that service includes a period of military  
45 29 service from which the IPERS member does not return to IPERS  
45 30 covered service due to injury or disease resulting in death.  
45 31 Currently, a member must return to covered employment from  
45 32 military service in order to receive service credit for the  
45 33 period of military service.

45 34 Code section 97B.1A(26), concerning the definition of  
45 35 wages, is amended to exclude bonuses and allowances, except  
46 1 allowances included as wages for members of the general  
46 2 assembly, from the definition of wages.

46 3 Code section 97B.4(2), concerning the authority of the  
46 4 system in administering IPERS, is amended to provide that  
46 5 IPERS is not a participating agency for purposes of  
46 6 information technology services under the department of  
46 7 administrative services.

46 8 Code section 97B.7(3), concerning the payment of investment  
46 9 management expenses from the retirement fund, is amended to  
46 10 eliminate the cap on the amount authorized to be expended to  
46 11 pay investment management expenses during a fiscal year. The

46 12 current cap is four-tenths of one percent of the market value  
46 13 of the retirement fund.

46 14 Code section 97B.9 is amended to set the fee for late  
46 15 contributions at the greater of \$20 per occurrence or interest  
46 16 at the combined interest and dividend rate required under Code  
46 17 section 97B.70. Currently, an employer is charged the greater  
46 18 of \$10 per occurrence or interest at the combined interest and  
46 19 dividend rate required under Code section 97B.70. The Code  
46 20 section is also amended to make civil actions to collect  
46 21 unpaid contributions from employers permissive.

46 22 Code section 97B.10, concerning the crediting of erroneous  
46 23 contributions, is amended to eliminate a provision awarding  
46 24 interest on a credit for contributions paid prior to an  
46 25 individual's decision to elect out of IPERS coverage.

46 26 Code section 97B.11, concerning contributions to the system  
46 27 by employers and employees, is amended. Beginning July 1,  
46 28 2011, IPERS will determine a required contribution rate for  
46 29 each membership group, including members in regular service,  
46 30 which is the contribution rate the system actuarially  
46 31 determines is the rate required by the system to discharge its  
46 32 liabilities as to that membership group as a percentage of the  
46 33 covered wages of members in that membership category.  
46 34 However, the bill provides that the required contribution rate  
46 35 for each membership group in a fiscal year shall not vary by  
47 1 more than one-half percentage point from the required  
47 2 contribution rate for the previous year. The bill then  
47 3 provides that, for members in regular service under IPERS, the  
47 4 employers shall pay 60 percent of the rate and members shall  
47 5 pay 40 percent of the rate. While current law provides for an  
47 6 actuarial determination of the rates for members in each of  
47 7 the special service categories, the contribution rate for  
47 8 members in regular service is fixed. As a result of this  
47 9 change, Code sections 97B.49B(3) and 97B.49C(3) are amended,  
47 10 effective July 1, 2011, by repealing that portion of each Code  
47 11 section that sets contribution rates for special service  
47 12 members to reflect that the establishment of those rates is  
47 13 done by the bill through amendment to Code section 97B.11 as  
47 14 of July 1, 2011.

47 15 Code section 97B.14 is amended by eliminating an exception  
47 16 that permitted small employers with total monthly  
47 17 contributions of \$100 or less to pay those contributions  
47 18 quarterly rather than monthly. The bill requires all  
47 19 employers to pay contributions monthly, regardless of the  
47 20 amount of the contributions.

47 21 Code section 97B.33, concerning payments made to an  
47 22 individual arising out of a decision by the system or a court,  
47 23 is amended to provide that the system may make the payment  
47 24 without certifying to the director of the department of  
47 25 administrative services that the person is entitled to the  
47 26 payment.

47 27 Code section 97B.34A, concerning payment to minors, is  
47 28 amended to provide that if the sum to be paid is less than the  
47 29 greater of \$25,000 or the amount authorized in section 565B.7,  
47 30 subsection 3 (currently \$25,000), the funds may be paid to an  
47 31 adult as custodian for the minor. Payments in excess of this  
47 32 amount are to be paid to a court-established conservator.  
47 33 Current law sets the maximum amount that can be paid to an  
47 34 adult custodian at \$10,000.

47 35 Code section 97B.38, concerning fees for services, is  
48 1 amended to allow the system to charge fees to anyone for the  
48 2 costs incurred by the system in performing its duties.  
48 3 Currently, members, beneficiaries, and the general public, but  
48 4 not employers, may be charged fees.

48 5 Code section 97B.49B(1), concerning protection occupations,  
48 6 is amended to add county jailers and detention officers, Iowa  
48 7 national guard installation security officers, emergency  
48 8 medical services providers, and county attorney investigators,  
48 9 as members in a protection occupation for purposes of IPERS  
48 10 benefits.

48 11 Code section 97B.49F, concerning the determination of the  
48 12 cost of living dividend, is amended. Current law provides  
48 13 that the dividend increases by a percentage that is the lesser  
48 14 of 3 percent, the percentage increase in the consumer price  
48 15 index, and the percentage certified by the system's actuary  
48 16 that the system can absorb. The bill amends the determination  
48 17 of the percentage calculated by the system's actuary to  
48 18 provide that the determination be made by comparing the  
48 19 actuarial required contribution rate for the system and the  
48 20 statutory contribution rate. If the actuarial required rate  
48 21 exceeds that statutory rate, the bill provides that the  
48 22 percentage certified by the actuary shall be zero.

48 23 Code section 97B.49H, concerning active member supplemental  
48 24 accounts, is amended to provide that no payments to the  
48 25 accounts be made unless the system remains fully funded  
48 26 following the payment to the supplemental accounts. Current  
48 27 law allows payment only if the payment can be absorbed without  
48 28 significantly impacting the funded status of the system.  
48 29 Code section 97B.50, concerning early retirement due to  
48 30 disability, is amended to provide that a member who qualifies  
48 31 for IPERS regular disability benefits by becoming eligible for  
48 32 federal disability benefits must demonstrate their continued  
48 33 qualification for federal disability benefits to receive IPERS  
48 34 benefits. Current law does not require a determination that  
48 35 the member remains eligible for federal disability benefits  
49 1 once initial eligibility is established. The change does not  
49 2 affect the ability of the member to qualify for retirement  
49 3 benefits based on criteria other than disability.  
49 4 Code section 97B.52, concerning payment of a lump sum death  
49 5 benefit, is amended to eliminate a provision requiring a  
49 6 determination of what the lump sum payment would have been if  
49 7 the person had died on June 30, 1984, and a provision that the  
49 8 method of payment to a beneficiary selected by a member does  
49 9 not apply.  
49 10 Code section 97B.53B, concerning rollovers of members'  
49 11 accounts from IPERS to another eligible retirement plan, is  
49 12 amended to reflect Internal Revenue Code changes. The bill  
49 13 provides that nonspouse beneficiaries of a member that are  
49 14 designated as beneficiaries pursuant to federal law are  
49 15 allowed to elect to have IPERS pay all or a portion of an  
49 16 eligible distribution to certain eligible retirement plans.  
49 17 The bill also provides that, beginning January 1, 2008, Roth  
49 18 individual retirement accounts and annuities are eligible  
49 19 retirement plans for a member, a member's surviving spouse, or  
49 20 a qualified payee under a qualified domestic relations order.  
49 21 The provision of the bill amending Code section 97B.53B takes  
49 22 effect upon enactment and is retroactively applicable to  
49 23 January 1, 2007.  
49 24 Code section 97B.65, concerning limitation on increases in  
49 25 benefits, is amended to provide that an increase in benefits  
49 26 shall not be implemented unless the system is fully funded and  
49 27 the increase in benefits can be absorbed into existing  
49 28 contribution rates for the membership group affected. Current  
49 29 law only requires that the system be fully funded prior to  
49 30 implementing the increase in benefits. This change also  
49 31 provides that the increase in benefits can be implemented even  
49 32 if the system is not fully funded or existing contribution  
49 33 rates are insufficient if the statutory change providing for  
49 34 the increased benefit is accompanied by a change in the  
49 35 required contribution rate necessary to support the increased  
50 1 benefit. This provision takes effect July 1, 2011.  
50 2 Code section 97B.73B, concerning the purchase of service  
50 3 for patient advocates, is repealed by the bill.  
50 4 Code section 97B.80C(1) and (2), concerning purchases of  
50 5 permissive service credit, is amended. The bill provides that  
50 6 any period of time when there was not performance of services  
50 7 is considered nonqualified service eligible for a purchase of  
50 8 service. The bill also provides that a member may convert  
50 9 existing regular service credit to special service credit upon  
50 10 paying the actuarial cost of that enhanced benefit. The bill  
50 11 provides that if the existing service was nonqualified  
50 12 service, then the purchase of special service credit for that  
50 13 service shall be made pursuant to the requirements governing  
50 14 the purchase of nonqualified service. Alternatively, if the  
50 15 existing service was qualified service, then the purchase of  
50 16 special service credit for that service shall be made pursuant  
50 17 to the requirements governing the purchase of qualified  
50 18 service.  
50 19 Code section 97B.82, concerning the purchase of service  
50 20 credit from a direct rollover of moneys from another  
50 21 retirement plan to IPERS, is amended to reflect Internal  
50 22 Revenue Code changes. The provisions of the bill amending  
50 23 Code section 97B.82 take effect upon enactment and are  
50 24 retroactively applicable to January 1, 2007.  
50 25 The bill also provides that notwithstanding any provision  
50 26 of Code section 97B.65 to the contrary, the provisions in this  
50 27 division of the bill shall be implemented upon the effective  
50 28 dates applicable for those provisions.  
50 29 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM. Code sections  
50 30 411.5 and 411.8, concerning the actuarial valuation and the  
50 31 method of financing the retirement system, are amended to  
50 32 provide that the board of trustees shall select the actuarial  
50 33 cost method to be used in the annual actuarial valuation of

50 34 the system and in calculating the cities' contribution rate to  
50 35 the system. Current law provides that the system use the  
51 1 aggregate cost actuarial method.

51 2 New Code section 411.10 permits current members of the  
51 3 retirement system with at least five years of service to  
51 4 purchase up to five years of service credit under the system  
51 5 for military service. The bill provides that the member is  
51 6 required to pay the full actuarial cost of the service  
51 7 purchase and must make written application with the retirement  
51 8 system for the purchase of service.

51 9 Code section 411.15 is amended to provide that members of  
51 10 the retirement system who are injured while in the performance  
51 11 of their duties and need medical attention have the right to  
51 12 choose the care provided.

51 13 JUDICIAL RETIREMENT SYSTEM. Code section 602.9104,  
51 14 concerning contributions to the judicial retirement system, is  
51 15 amended. The bill provides that beginning July 1, 2008, the  
51 16 judge's contribution percentage shall be 7.7 percent of salary  
51 17 for FY 2008=2009, 8.7 percent for FY 2009=2010, and 9.7  
51 18 percent for FY 2010=2011 and each fiscal year thereafter until  
51 19 the system reaches fully funded status. In addition,  
51 20 beginning July 1, 2008, and for each fiscal year thereafter  
51 21 until the system reaches fully funded status, the state's  
51 22 contribution shall be that percentage of the salary of all  
51 23 judges equal to the required contribution rate necessary to  
51 24 fund the liabilities of the system less the applicable  
51 25 percentage used in determining the judge's required  
51 26 contribution for that fiscal year. Once the fund reaches  
51 27 fully funded status, the bill provides that the state shall  
51 28 pay 60 percent and judges shall pay 40 percent of the required  
51 29 contribution rate. Current law provides that judges pay 6  
51 30 percent and the state shall pay 23.7 percent until the system  
51 31 reaches fully funded status but adjusts the judge's  
51 32 contribution based on the actual percentage paid by the state.  
51 33 Current law then provides that upon reaching fully funded  
51 34 status, the state and the judges shall pay the required  
51 35 contribution rate to the system on a 50=50 basis.

52 1 Code section 602.9106, concerning the actuarial valuation  
52 2 of the system, is amended to provide that the court  
52 3 administrator determine the actuarial assumptions and methods  
52 4 to be used by the actuary. A corresponding change is made in  
52 5 Code section 602.9104 to eliminate the requirement that the  
52 6 projected unit actuarial cost method be used. The bill also  
52 7 provides that the annual valuation include the actuarially  
52 8 required contribution rate for the system.

52 9 MISCELLANEOUS PROVISIONS. Code section 55.1, concerning  
52 10 leaves of absence for service in elective office, is amended  
52 11 by the bill. Current law provides that a leave of absence  
52 12 granted to a person elected to a municipal, county, state, or  
52 13 federal office need not exceed six years. This provision of  
52 14 the bill removes the six-year limitation. In addition, the  
52 15 bill provides that if a salaried employee takes leave without  
52 16 pay to serve in elected office the salaried compensation for  
52 17 the pay period shall be reduced pro rata to the number of days  
52 18 taken.

52 19 Code section 97C.21, concerning voluntary federal social  
52 20 security coverage for certain part-time elected officials, is  
52 21 amended to permit the governor to authorize a statewide  
52 22 referendum of these officials on whether they should be  
52 23 included as an employee for purposes of social security  
52 24 coverage.

52 25 Code section 97D.2, concerning the analysis of proposed  
52 26 changes to retirement systems, is amended to require that  
52 27 actuarial information on the cost of a proposed change include  
52 28 information on the effect of the proposed change on the normal  
52 29 cost rate for the system using the entry age normal actuarial  
52 30 cost method.

52 31 New Code section 97D.5 requires that PORS, IPERS, the  
52 32 statewide fire and police retirement system created in Code  
52 33 chapter 411, and the judicial retirement system created in  
52 34 Code chapter 602, include additional actuarial information in  
52 35 each system's actuarial valuation or update beginning with the  
53 1 2008=2009 fiscal year. The new Code section requires each  
53 2 public retirement system to determine, using the entry age  
53 3 normal actuarial cost method, the actuarially required  
53 4 contribution rate and normal cost rate for the public  
53 5 retirement system and to include this information in the  
53 6 system's actuarial valuation.

53 7 Code section 273.3(14) and Code section 294.16, concerning  
53 8 annuity contracts for area education agency (AEA) and school  
53 9 district employees, are stricken and rewritten by the bill.

53 10 These provisions of the bill provide that an AEA board or  
53 11 school district may establish a plan in accordance with  
53 12 section 403(b) of the Internal Revenue Code allowing eligible  
53 13 employees to select one or more investment contracts. The  
53 14 bill defines "investment account" as a custodial account  
53 15 utilizing mutual funds or an annuity contract. The bill  
53 16 provides that in establishing the plan, the AEA board or  
53 17 school district may select up to five companies authorized to  
53 18 issue investment contracts and the employee organization  
53 19 representing the board's employees or school district's  
53 20 teachers may select up to three companies authorized to issue  
53 21 investment contracts. Current law provides that selection of  
53 22 an investment contract is at the discretion of the employee.  
53 23 LSB 5594SV 82  
53 24 ec/sc/5